



**TOWNSHIP OF NORTH FAYETTE
RESOLUTION NO. 01-24**

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE TOWNSHIP OF NORTH FAYETTE, COUNTY OF ALLEGHENY, COMMONWEALTH OF PENNSYLVANIA, APPOINTING HOSACK, SPECHT, MUETZEL & WOOD, LLP, TO REPLACE THE ELECTED AUDITORS TO AUDIT THE ACCOUNTS OF THE TOWNSHIP FOR FISCAL YEAR 2023.

WHEREAS, Section 917, Subsection (b)(l) of the Second-Class Township Code of the Commonwealth of Pennsylvania authorizes the Board of Supervisors to appoint a certified or competent public accountant or a firm of certified or competent public accountants to replace the elected auditors for the purpose of making an examination of all the accounts of the Township; and

WHEREAS, the Board of Supervisors, pursuant to the requirements of Section 917, Subsection (b)(2) of the Second-Class Township Code of the Commonwealth of Pennsylvania, caused to be advertised on Sunday, April 7, 2024, in the Pittsburgh Post-Gazette, a public notice stating its intent to appoint a firm of certified public accountants; and

WHEREAS, Hosack, Specht, Muetzel & Wood, LLP, a firm of certified public accountants, has submitted a proposal to perform the required audit and examination of all the accounts of the Township of North Fayette for the 2023 fiscal year, which proposal is deemed acceptable by the Board of Supervisors.

NOW THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the Township of North Fayette, County of Allegheny, Commonwealth of Pennsylvania, as follows:

- SECTION 1.** Hosack, Specht, Muetzel & Wood, LLP, a firm of certified public accountants, is hereby appointed to replace the elected auditors of the Township of North Fayette in accordance with Section 917 of the Second-Class Township Code as well as in accordance with generally accepted auditing standards for the purpose of making an examination of all the accounts of Township for the 2023 fiscal year.
- SECTION 2.** Hosack, Specht, Muetzel & Wood, LLP, shall be compensated in accordance with the proposal submitted by them for the performance of the required examinations and audits, hereby attached hereto as Exhibit 'A'.
- SECTION 3.** The Township has the authority to sign an agreement with Hosack, Specht, Muetzel & Wood, LLP, for auditing services, hereby attached hereto as Exhibit 'B', and the Chairman and Township Manager have the authority to sign said agreement.

AND NOW, this 14th day of May 2024, upon motion duly made and seconded, the foregoing **RESOLUTION** is hereby adopted.

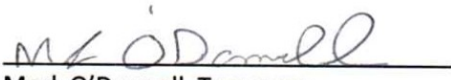
ATTEST:

**TOWNSHIP OF NORTH FAYETTE
BOARD OF SUPERVISORS**


James Mangan
Township Manager


James Morosetti, Chairman


Robert Doddato, Vice Chairman


Mark O'Donnell, Treasurer

APPROVED AS TO FORM:


Michele Cromer, Esquire
Township Solicitor

EXHIBIT 'A'

**Proposal from
Hosack, Specht, Muetzel & Wood, LLP**



TOWNSHIP OF
NORTH FAYETTE
EST. 1846

PROPOSAL
TOWNSHIP OF NORTH FAYETTE
MARCH 14, 2024

H|S Hosack, Specht
M|W Muetzel & Wood

NAME

Hosack, Specht, Muetzel & Wood LLP
2 Penn Center West, Suite 326
Pittsburgh, Pennsylvania 15276
EIN 25-0810411

TELEPHONE NUMBER

412-343-9200

CONTACT PERSON

Stephen Niedenberger, CPA
Partner

DATE SUBMITTED

March 14, 2024

**TOWNSHIP OF NORTH FAYETTE
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HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
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PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

March 14, 2024

Via Electronic Mail

Ms. Mary Ann Wiesner, Financial Analyst
Township of North Fayette
400 North Branch Road
Oakdale, PA 15071

Dear Ms. Wiesner:

I would like to take this opportunity to thank you for requesting a proposal to perform audit services for the Township of North Fayette.

The service to be performed by Hosack, Specht, Muetzel & Wood LLP for the Township is an audit of the financial statements of the Township in accordance with U. S. generally accepted auditing standards, for the year ended December 31, 2023, with options for 2024, 2025 and 2026. We will express an opinion on the fair presentation of the Township's financial statements, in conformity with accounting principles generally accepted in the United States of America. Also, the following required supplementary information will be subjected to the auditing procedures applied in our audits of the basic financial statements:

1. Budgetary Comparison Information
2. Pension Information
3. Other Post-Employment Benefits

We will also report on supplementary information other than RSI that accompanies the financial statements; combining and individual fund financial statements; and will provide an opinion on that information in relation to the financial statements as a whole.

We will prepare a separate condensed consolidated (non-GAAP) report to meet audit publication and public annual report requirements.

We will prepare and provide an opinion for the Commonwealth of Pennsylvania Annual Audit and Financial Report (DCED-CLGS-30).

We will also prepare a separate audit report of the Real Estate Tax Collector.

Ms. Mary Ann Wiesner, Financial Analyst
Township of North Fayette
March 14, 2024
Page 2

We will report to management, upon completion of the audit, any significant deficiencies and/or material weaknesses, and other required communications.

We will review the report with the Board and management prior to finalizing it. In addition, we will present the audit report at a Board meeting, if so requested.

It is our commitment to perform all work and deliver all reports required within the time schedule established by the Township.

Hosack, Specht, Muetzel & Wood LLP believes we are the best qualified to serve the Township as we have been providing quality governmental auditing services to governmental units like the Township for over sixty-five years. We continue to stay abreast of the sweeping changes occurring in governmental accounting. By choice, governmental and nonprofit auditing represents a large volume of our practice, and as such, is given the professional attention it deserves. As our commitment to quality government audits, the Firm is a member of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center. Your engagement will be staffed with qualified accountants with extensive experience in auditing municipalities. Your engagement team will bring years of municipal audit experience.

We believe that our services do not start and end with the audit, but extend beyond that scope and continue throughout the year. We are always available to answer any questions that may arise.

We are familiar with the requirements of the Certificate of Achievement for Excellence in Financial Reporting, as four of our clients have received the certificate.

This proposal is a firm and irrevocable offer for our services, for a period of sixty days.

I truly appreciate you reaching out to our Firm for audit services and would welcome the opportunity to work with you and for the Township of North Fayette. You can be assured your engagement will receive the highest quality of professional services from qualified individuals.

I trust we have accurately responded to your request for proposal and believe you will see the benefits you will derive from our services. If you have any questions, please feel free to contact me.

Very truly yours,

Stephen Niedenberger

Stephen Niedenberger, CPA
HOSACK, SPECHT, MUETZEL & WOOD LLP

INDEPENDENCE

Hosack, Specht, Muetzel & Wood LLP is independent of the Township of North Fayette in accordance with the American Institute of Certified Public Accountants (AICPA) Standards.

LICENSE TO PRACTICE

Hosack, Specht, Muetzel & Wood LLP is a Certified Public Accounting partnership and is properly licensed by the Commonwealth of Pennsylvania Bureau of Occupational Affairs. Our certificate number is AF-000526-L and expires December 31, 2025. The key individuals assigned to this engagement are properly licensed to practice in Pennsylvania and meet Yellow Book audit requirements; further information can be found in the Appendix.

FIRM QUALIFICATIONS AND EXPERIENCE

FIRM BACKGROUND

Hosack, Specht, Muetzel & Wood LLP, located in Pittsburgh, was organized October 1, 1934, for the general practice of public accounting. The Firm operates as a partnership and currently has two partners and eight professional and support personnel. We are a full-service public accounting firm. Our diversified practice performs accounting, auditing and tax services for a wide variety of clientele, including businesses, non-profit organizations, individuals and governmental units.

A vast majority of our practice is devoted to governmental and non-profit sectors, and as such, all of the partners and accounting employees, from managers to staff, are trained and educated to perform these audits. We perform over twenty-five audits annually under the Single Audit Act, and all of our professional employees participate in these types of audits. Our accountants maintain professional proficiency through continuing education and training. The majority of this education is in subjects directly related to the governmental environment and governmental auditing.

We presently audit approximately, twenty boroughs, townships and municipalities, ten public libraries, five authorities, and thirty school districts. A partial list of our municipal clients can be found in the Appendix.

ENGAGEMENT TEAM

We are planning to assign two key individuals, both experienced auditors, who work exclusively in the governmental and non-profit sector, to perform the audit of the Township of North Fayette. The audit partner, Stephen Niedenberger, who is a working partner, will oversee all aspects of the audit, including planning, risk assessment, field work and report writing and is anticipated to be on site for the entire engagement. The key members of the engagement team will be auditors with current and extensive experience in audits of municipalities. Qualifications of the engagement team can be found in the Appendix. We are committed to serving the Township of North Fayette in the most professional manner with trained individuals who have a vast knowledge of the complexities of governmental accounting and auditing.

PEER REVIEW

The Firm is committed to quality work, and as such, participates in the AICPA Peer Review Program. As part of this program and licensing requirements, each staff member must complete a minimum of eighty hours of continuing education every two years. Additionally, our quality control procedures and standards are reviewed by CPAs from independent firms. We have had nine such on-site reviews performed since our initiation into the Program. The latest report was for the year ended April 30, 2022, in which we received a peer review rating of pass. A copy of such report can be found in the Appendix. Because of the large volume of governmental and non-profit work performed by our office, approximately eighty percent of the total hours of work reviewed by the independent organization performing the peer review, was governmental and non-profit audit work.

FIRM QUALIFICATIONS AND EXPERIENCE

GAQC

As stated earlier, the Firm is a member of the American Institute of Certified Public Accountants (AICPA) Governmental Audit Quality Center.

We have joined the Governmental Audit Quality Center (Center) to gain access to comprehensive resources that will assist us in further enhancing the quality of your audit. The Center membership will provide us timely information on a variety of technical, legislative and regulatory subjects that we can in turn apply to your audit to help ensure compliance with the appropriate standards and changes in regulations.

By joining the Center, we are committing to adhere to the highest quality standards by voluntarily agreeing to the Center membership requirements, which include designating a partner responsible for the quality of our governmental audit practice, establishing quality control programs, performing annual internal inspection procedures, and making our peer review report finds publicly available.

Governmental Audit Quality Center membership allows us to continue our quality initiatives within our governmental audit practice and demonstrates our continued commitment to deliver the most efficient quality audit possible.

COMMITMENT TO CLIENT

Our Firm is a local firm comprised of qualified, educated and highly motivated accountants and auditors. The Firm, as well as its employees, takes great pride in the work we perform for our clients.

We believe we separate ourselves from other firms in the relationships we build with our clients. Our philosophy is to serve our clients and ensure we not only perform the service we are engaged, but to also ensure that our clients are successful. All members of the engagement team are always accessible throughout the year to answer questions, concerns or address other accounting or auditing issues, current or forthcoming. We would take great pride in working with the Township of North Fayette.

FIRM QUALIFICATIONS AND EXPERIENCE

REFERENCES

We suggest you contact any of the following individuals for any recommendation you may need:

Borough of Castle Shannon
Ms. Katie Stringent
412-885-9200

Borough of Oakmont
Mr. Scot Fodi
412-828-3232

Municipality of Monroeville
Ms. Josie Rock
412-856-1000

Peters Township
Mr. Paul Lauer
724-941-4180

Township of South Park
Ms. Karen Fosbaugh
412-831-7000

We performed audits of the financial statements for all of the above entities for at least the last three years. In addition, we assisted two of our clients with the preparation of their Annual Comprehensive Financial Report (ACFR) (Monroeville and Peters). We also have two school district clients that have received the award for a number of years.

A list of additional governmental clientele can be found in the appendix.

AUDIT APPROACH

Our approach to the audit would be broken down into the following phases: planning, review of internal controls, detailed testing and concluding the audit.

PLANNING

In the planning phase, we would gather information necessary to develop an audit plan, including identification of critical audit areas, risk assessment procedures, understanding the entity and its environment, including internal control, and assessing the risks of material misstatements. Some of the procedures in this phase would be:

- Gathering information to identify fraud risks
- Inquiries of management and others
- Analytical procedures
- Observation and inspection
- Understanding and documenting control activities
- Determining materiality
- Establishing an overall audit strategy
- Consideration of fraud
- Consideration of laws and regulations

During this phase, we would determine aspects such as the operations provided by the Township, the government compensation and hiring practices, the control environment, accounting systems used for each fund, and the flow of information through your system. As a result, we would determine which transaction classes are significant and develop our audit program around these areas.

Also, an important and required aspect of planning is the use of analytical procedures. The use of analytical procedures will enhance our understanding of the Township's business and the transactions and events that have occurred since the last audit date. Analytical procedures will also identify areas that may represent specific risks relevant to the audit. One of the analytical procedures to be used would be the comparison of revenues and expenditures to the current and prior years for all funds, as well as the comparison of actuals to budgets.

REVIEW OF CONTROLS

Based on the knowledge we gain from the planning phase, we will perform procedures to evaluate whether controls or control activities identified are properly designed and implemented to prevent or detect and correct material misstatements in the related assertions.

DETAILED TESTING

We would design our detail tests of transactions and substantive procedures based upon the knowledge and information gathered in the previous phases. Typically, some of these detailed tests would include:

AUDIT APPROACH

DETAILED TESTING (CONT'D)

- Walkthroughs
- Reviews of reconciliation and similar routines
- Re-performance of control activities
- Use of audit sampling
- Testing IT related controls

CONCLUDING THE AUDIT

This phase consists of various steps, with the objective being to determine if we have gained sufficient evidential matter and that our work papers support the opinion we are rendering on the financial statements.

A sample of these procedures would be a review of subsequent events, communication with the Township's solicitor, obtaining representations from management, analytical procedures as an overall review of financial information in the final form and a summarization and evaluation of any misstatements disclosed in field work. A detailed review of all audit work would also be performed by the engagement partner and by the Firm's independent review department.

We would also communicate all deficiencies in internal control over financial reporting and instances of noncompliance to management and review draft statements prior to issuance of the report and review the audit at a Council meeting.

We will also, in accordance with SAS 114, communicate with those charged with governance, certain significant matters related to the audit.

ENGAGEMENT HOURS AND FEES

We have a thorough understanding of the services to be performed and a detailed working knowledge and experience in audits of municipalities.

We believe the fees detailed below are realistic based on our knowledge and consideration of the services required to professionally perform the audits. As you will note, your engagement will be staffed by experienced certified public accountants that will provide you with a professional qualified service.

TENTATIVE SCHEDULE

We are flexible about when the audit is to be performed and will work closely with the Township’s staff to meet the deadlines as outlined in your RFP. The timeline is based on the expectation that any outside reports are available in a timely manner.

ENGAGEMENT HOURS

The anticipated engagement hours by staff level will be approximately as follows:

Partner	75
Review Partner	5
Senior	50
Associate	<u>50</u>
	<u>180</u>

PROPOSED FEE

The all-inclusive fee for the audit is detailed below.

Year Ended December 31,	Township Audit	Real Estate Tax Collector Audit
2023	\$22,000	\$2,000
Optional:		
2024	\$22,660	\$2,000
2025	23,340	2,000
2026	24,040	2,000

The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audits. If significant additional time is necessary, due to those items or changes in compliance requirements or tax laws and regulations, or if the Township would be required to have an audit under *Government Auditing Standards* and Uniform Grant Guidance, we will discuss it with you and arrive at new fee estimates before we incur the additional costs.

Standard engagement letters would be provided for the Township’s approval if our Firm is awarded the audit services.

APPENDIX

GOVERNMENTAL CLIENTELE

The following represents a partial list of municipalities in which we were engaged to perform the audit of their financial statements in the last fiscal year:

Borough of Bellevue
Borough of Carnegie
Borough of Castle Shannon
Cecil Township
Borough of Churchill
Borough of East McKeesport
Borough of Heidelberg
Borough of Ingram
Borough of Mars
Municipality of Monroeville
Borough of Oakmont
Peters Township
Borough of Pleasant Hills
Borough of Rosslyn Farms
Township of Scott
Borough of Seven Fields
Borough of Sewickley Heights
Township of South Park
Borough of West Mifflin

QUALIFICATIONS OF ENGAGEMENT TEAM

AUDIT PARTNER - STEPHEN NIEDENBERGER, CPA

Education

Mr. Niedenberger graduated from Duquesne University in December 1997 with a Major in Accounting. He received his CPA license (PA Certificate Number CA-040138-L) in February 2000.

Experience

Mr. Niedenberger joined the Firm in December 1999. He has been a partner in the Firm since February 2018.

Some of the engagements in which Mr. Niedenberger has participated include:

- Borough of Bellevue
- Peters Township
- Borough of Pleasant Hills
- Scott Township
- Borough of West Mifflin

Recent Continuing Education

- Auditing for Government Units
- Compliance Audit Requirements
- Fraud in Government
- GASB No. 34 Auditing
- Government and Non-Profit Annual Update
- School District Conference
- The Revised Yellow Book

Memberships

American Institute of Certified Public Accountants Pennsylvania Institute of Certified Public Accountants

QUALIFICATIONS OF ENGAGEMENT TEAM

SENIOR ACCOUNTANT - RICHELLE NEWCAMP

Education

Ms. Newcamp graduated from Grove City College in May 2017 with a Bachelor of Science Degree in Accounting.

Experience

Ms. Newcamp joined the Firm in July 2017 as an associate. She is currently at the senior level.

Some of the engagements in which Ms. Newcamp has participated include:

Borough of Carnegie
Borough of Castle Shannon
Borough of East McKeesport
Municipality of Monroeville
Borough of Sewickley Heights
Township of South Park

Recent Continuing Education

Performing Single Audits under New Uniform Guidance
Recent Development in Government and Non-profit Accounting and Auditing
School District Conference

Ms. Newcamp has complied with all CPE requirements with yellow book requirements.

Memberships

American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

BUCKLER, McKENNEY & NADZADI, P.C.

Certified Public Accountants
116 Fox Plan Road
Monroeville, PA 15146-2799
(412) 856-7880
FAX (412) 856-0510

11 West Market Street
Blairsville, PA 15717
(724) 459-5025
FAX (724) 459-5051

Mitchell K. McKenney, CPA
Jennifer Nadzadi, CPA

Merle L. Buckler, CPA (1931-1996)

October 19, 2022

Report on Firm's System of Quality Control

To the Partners of Hosack, Specht, Muetzel and Wood LLP
and the Peer Review Committee of the Pennsylvania Institute of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Hosack, Specht, Muetzel and Wood LLP (the firm) in effect for the year ended April 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Hosack, Specht, Muetzel and Wood LLP in effect for the year ended April 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Hosack, Specht, Muetzel and Wood LLP has received a peer review rating of pass.

Buckler, McKenney & Nadzadi

Buckler, McKenney & Nadzadi, P.C.

Township of North Fayette
RFP for Professional Auditing Services
February 2024

DISCLOSURE FORM:

1. List the names and titles of each individual who will be providing professional services relative to this contract including advisors and subcontractors.

See Qualifications of Engagement Team Section of our proposal.

2. Relative to question 1 above, describe the following:

- a. Are any of the above current or former officials or employees of the Township of North Fayette? If so, when were they last employed by the Township?

No.

- b. Are any of the above a registered federal or state lobbyist?

No.

- c. What are the responsibilities of each individual with regard to the proposed services?

**Partner will supervise all work along with audit planning and report generation.
Senior and Associate accountants will perform audit testing and other audit support.**

3. Have you in the last year or do you now retain a third-party intermediary, agent, or lobbyist to communicate with the Township of North Fayette, either directly or indirectly? If so, please describe.

No.

4. Has your firm or anyone in your firm solicited a contribution to any municipal office in the Township of North Fayette or to the political party or political actions committee of an official at the Township of North Fayette or candidate for elected office in the Township?

No.

5. Confirm that no one at your firm, following release of this RFP, will communicate with (or cause or agree to allow a third party to) communicate with officials or employees of the Township of North Fayette except for request for technical clarification which should be directed to Andrew Hartwell, Assistant Township Manager.

That is correct.

Township of North Fayette
RFP for Professional Auditing Services
February 2024

6. List all contributions made by your firm or an Affiliated Entity to a municipal official or candidate for office in the Township of North Fayette made on or after September 1, 2018. An affiliated entity means:

- a. A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm.
- b. An organization recognized by the Internal Revenue Service as a tax-exempt organization under Section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. §501(c)) established by a lobbyist or lobbying firm or an affiliated entity.

None.

7. List any direct financial, commercial, or business relationship with any municipal official or pension system of the Township of North Fayette held by your firm or any Affiliated Entity.

None.

8. List any gift including money, services, loan, travel, lodging, entertainment, discount, or other thing of value, to any official, employee of the Township of North Fayette or a fiduciary of its pension plan.

None.

9. Confirm that no one at your firm or an Affiliated Entity was employed by the Township of North Fayette in the last 12 months.

That is correct.

EXHIBIT 'B'

Agreement for Audit Services

-between-

Township of North Fayette

-and-

Hosack, Specht, Muetzel & Wood, LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

April 4, 2024

Board of Supervisors
Township of North Fayette
Oakdale, Pennsylvania

We are pleased to confirm our understanding of the services we are to provide the Township of North Fayette for the year ended December 31, 2023, with options for 2024 through 2026.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements, of the Township of North Fayette as of and for the year ended December 31, 2023. Auditing standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Township of North Fayette's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Township of North Fayette's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U. S. generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Information
3. Pension Information
4. Post-Employment Benefit Information

Audit Scope and Objectives (Cont'd)

We have also been engaged to report on supplementary information other than RSI that accompanies the Township of North Fayette's financial statements. We will subject the combining and individual fund financial statements to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

We will prepare a separate condensed consolidated (non-GAAP) report to meet audit publication and public annual report requirements.

We will prepare and provide an opinion for the Commonwealth of Pennsylvania Annual Audit and Financial Report (DCED-CLGS-30).

We will also prepare a separate audit report of the Real Estate Tax Collector.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable 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 government or to acts by management or employees acting on behalf of the government.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. 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 the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management 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 any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions, where applicable. We will also request written representations from your attorneys as part of the engagement.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. 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.

We have identified the following significant risk of material misstatement as part of our audit planning:

Management Override of Controls

Planning has not concluded, and modifications may be made.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Township of North Fayette's compliance with the provisions of applicable laws, regulations, 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.

Other Services

We will also assist in preparing the financial statements of the Township of North Fayette in conformity with accounting principles generally accepted in the United States based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management 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 of each opinion unit 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 (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud 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, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

Responsibilities of Management for the Financial Statements (Cont'd)

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

The audit documentation for this engagement is the property of Hosack, Specht, Muetzel & Wood LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hosack, Specht, Muetzel & Wood LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to a regulator or its designee. The regulator or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Stephen H. Niedenberger, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. The all-inclusive fee for the audit is detailed below:

Year Ended December 31,	Township Audit	Real Estate Tax Collector Audit
2023	\$22,000	\$2,000
Optional:		
2024	\$22,660	\$2,000
2025	23,340	2,000
2026	24,040	2,000

The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audits. If significant additional time is necessary, due to those items or changes in compliance requirements or tax laws and regulations, or if the Township would be required to have an audit under *Government Auditing Standards* and Uniform Grant Guidance, we will discuss it with you and arrive at new fee estimates before we incur the additional costs.

Engagement Administration, Fees, and Other (Cont'd)

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

Reporting

We will issue a written report upon completion of our audit of the Township of North Fayette's financial statements. Our report will be addressed to those charged with governance of the Township of North Fayette. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will 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 opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to the Township of North Fayette 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 attached copy and return it to us.

Very truly yours,

Hosack, Specht, Muetzl & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP

RESPONSE:

This letter correctly sets forth the understanding of the Township of North Fayette.

Management Signature: *Jan R. May*

Title: Township Manager

Date: 5/14/2024

Governance Signature: *[Signature]*

Title: Vice Chairman

Date: 5/14/2024