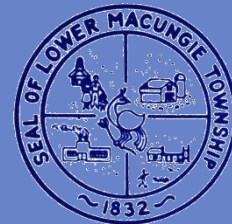




# Lower Macungie Township 2009 Audit

Presented By:  
Larry S. Shaub, CPA, Partner  
June 17, 2010



# ANNUAL REPORT CONTENT

# Annual Report Content



- Auditor's Opinion
- Management's Discussion and Analysis
- 2 Entity-wide financial statements, full-accrual basis of accounting, all funds except pension funds
- 2 Governmental fund type financial statements, modified accrual basis of accounting



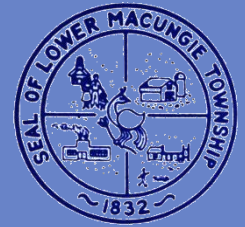
# Annual Report Content

- 3 Proprietary fund type financial statements, full-accrual basis of accounting
- Reconciliations between entity-wide statements and fund statements
- 2 Fiduciary fund (pension fund and agency fund) financial statements full-accrual basis of accounting
- Notes to the financial statements
- Required supplementary information, budget to actual comparisons



# AUDIT HIGHLIGHTS

# Audit Highlights



- Year Ended December 31, 2009
- Auditor's Opinion – Unqualified
  - Financial statements prepared in accordance with accounting principles generally accepted in the United States.
  - Audit conducted in accordance with auditing standards generally accepted in the United States



# Audit Highlights

- Increase in entity-wide net assets of \$ 10.2 million including contributed assets of \$9.6 million
- Increase in total revenues of \$ 4.3 million
- Increase in total expenses of \$ 1.9 million
- Increase in capital assets of \$ 14.5 million
- Increase in long-term debt of \$ 3.5 million



# Audit Highlights

- General Fund current year deficit \$ 241 thousand
- Negative variance on General Fund revenue of \$ 908 thousand
- Positive variance on General Fund expenditures of \$ 353 thousand
- Net increase in pension assets of \$388 thousand
- Audit reports filled timely with DCED
- Audit completed within timelines agreed



# REQUIRED COMMUNICATIONS



# Required Communications

## Significant Estimates

- Capital asset lives
- Fair value of investments
- Fair value of donated infrastructure
- Allowances for uncollectible utility billings

# Required Communications



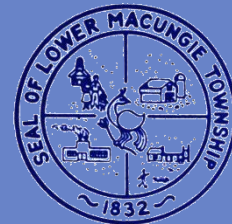
## **Audit Adjustments:**

9 Audit adjustments, (13 in 2008 and 11 in 2007) to books presented for audit.



# Required Communications

- Adoption of new accounting standards
  - FASB ASC 105-10 *Accounting Codification*
  - FASB ASC 855 *Subsequent Events*
- No unusual transactions



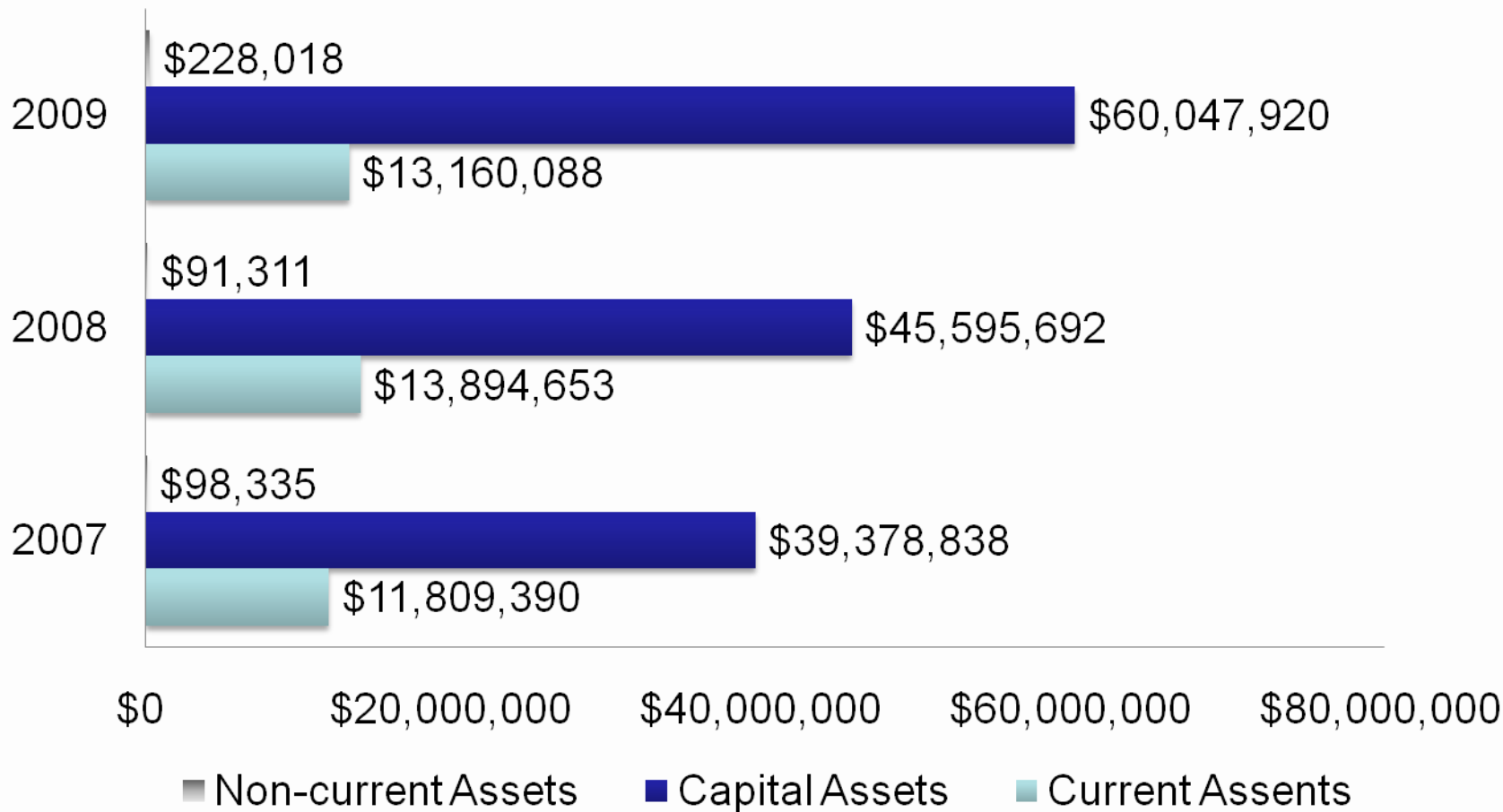
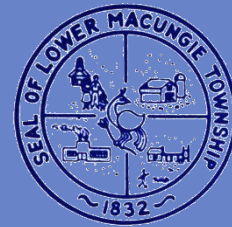
# Required Communications

- No disagreements with management
- No consultations with other accounting firms
- No difficulties in performing the audit
- 1 passed adjustment

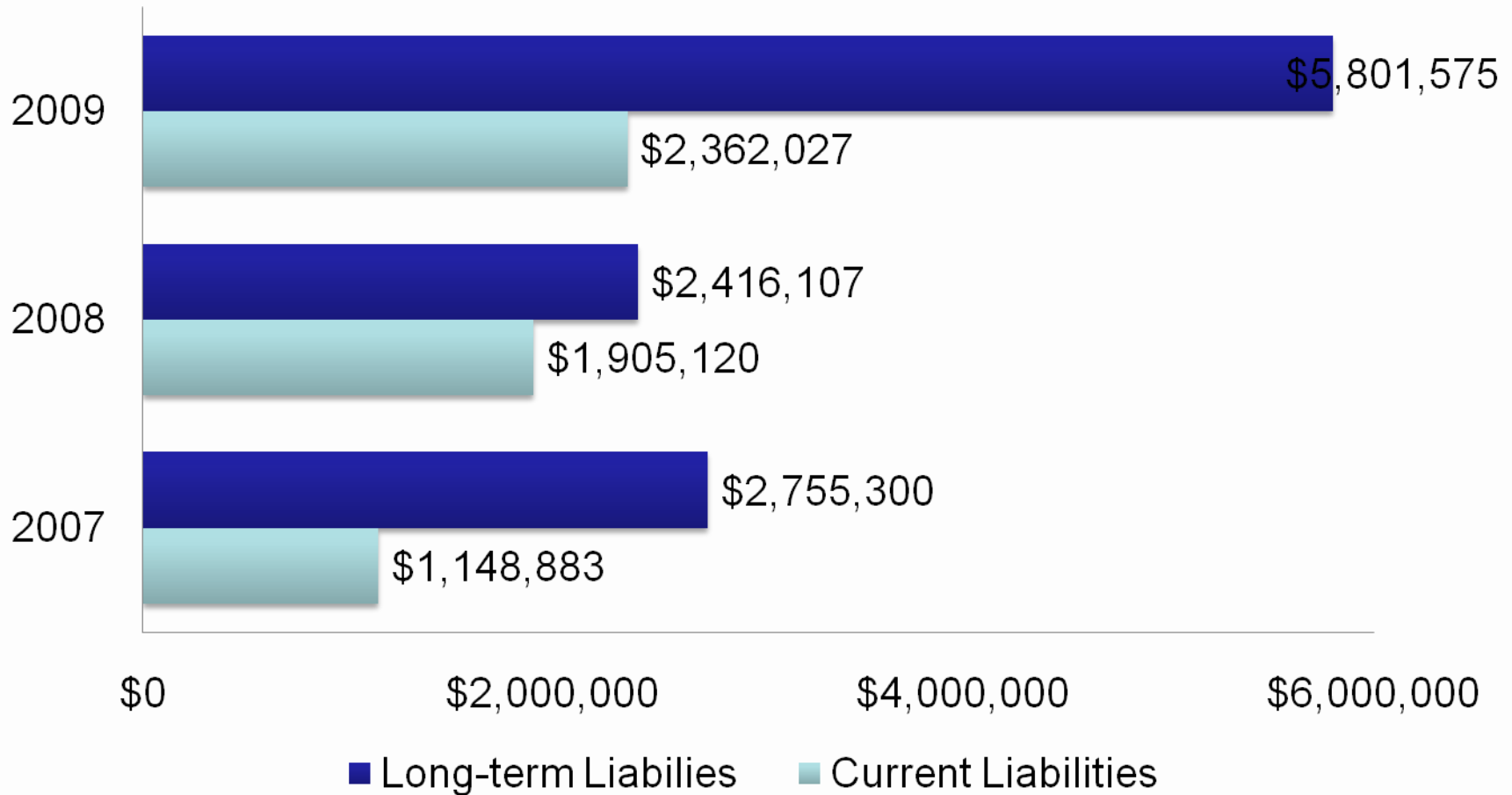


# FINANCIAL RESULTS

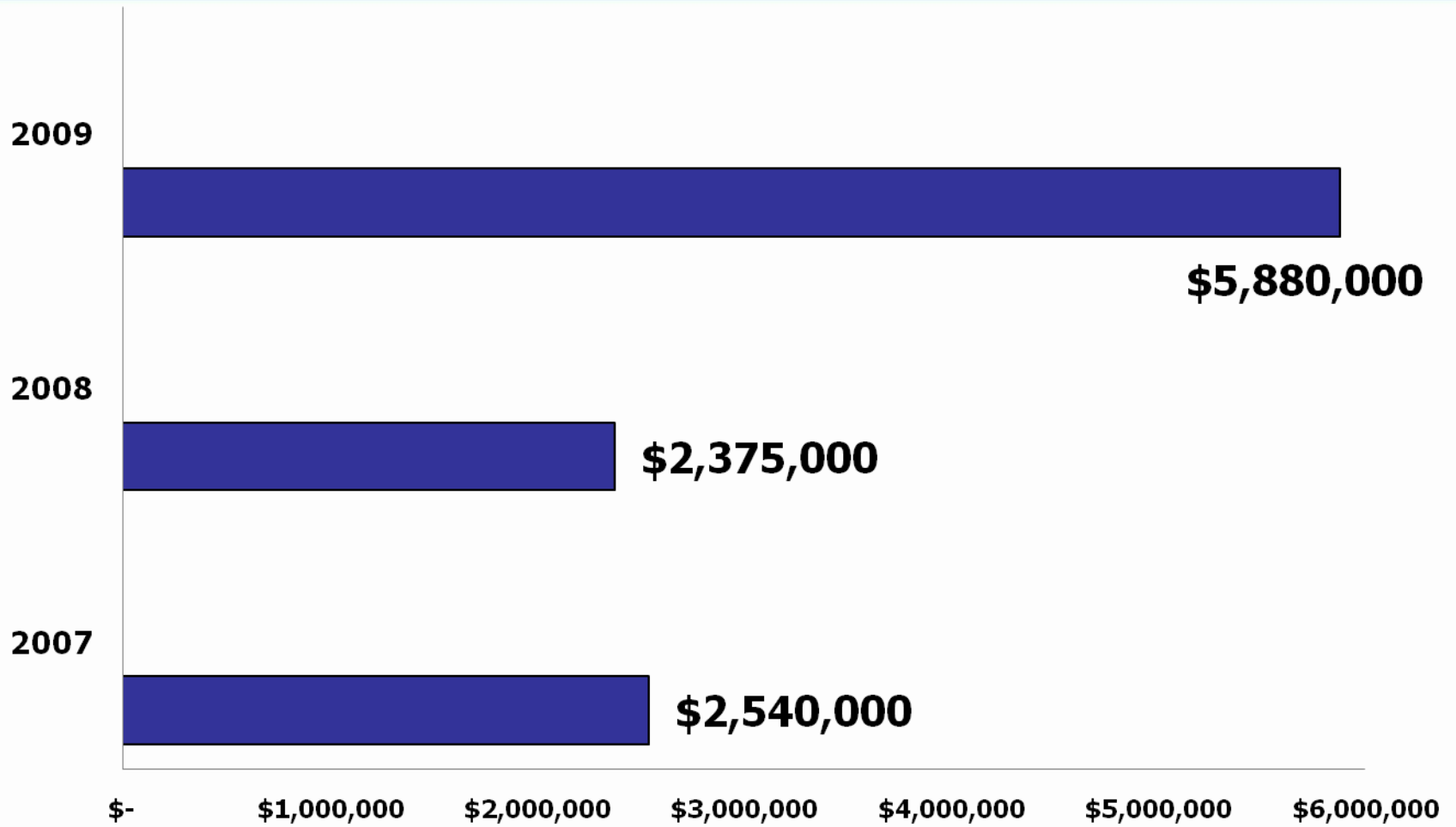
# Financial Results Government Wide



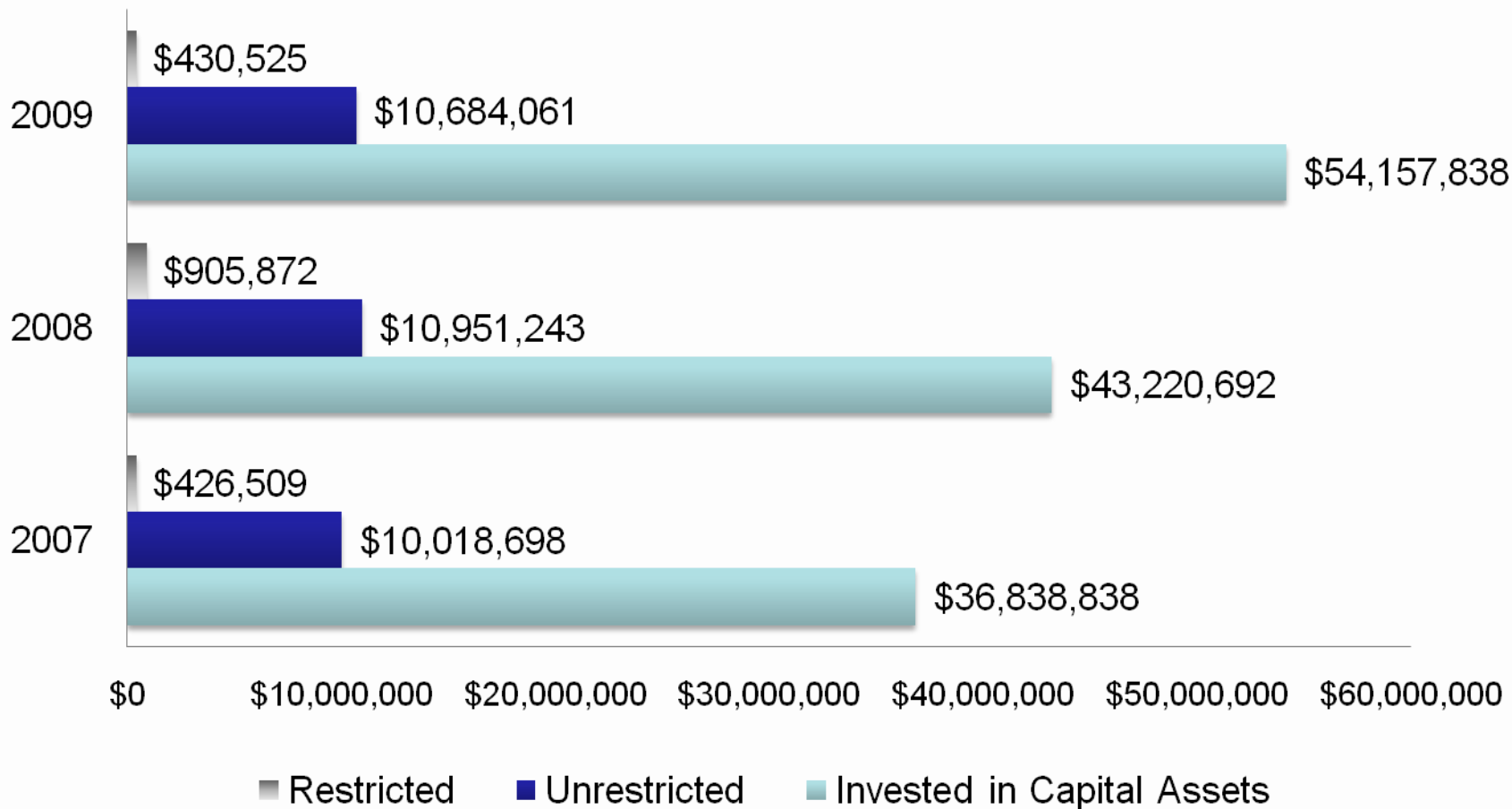
# Financial Results Government Wide



# Financial Results Government Wide

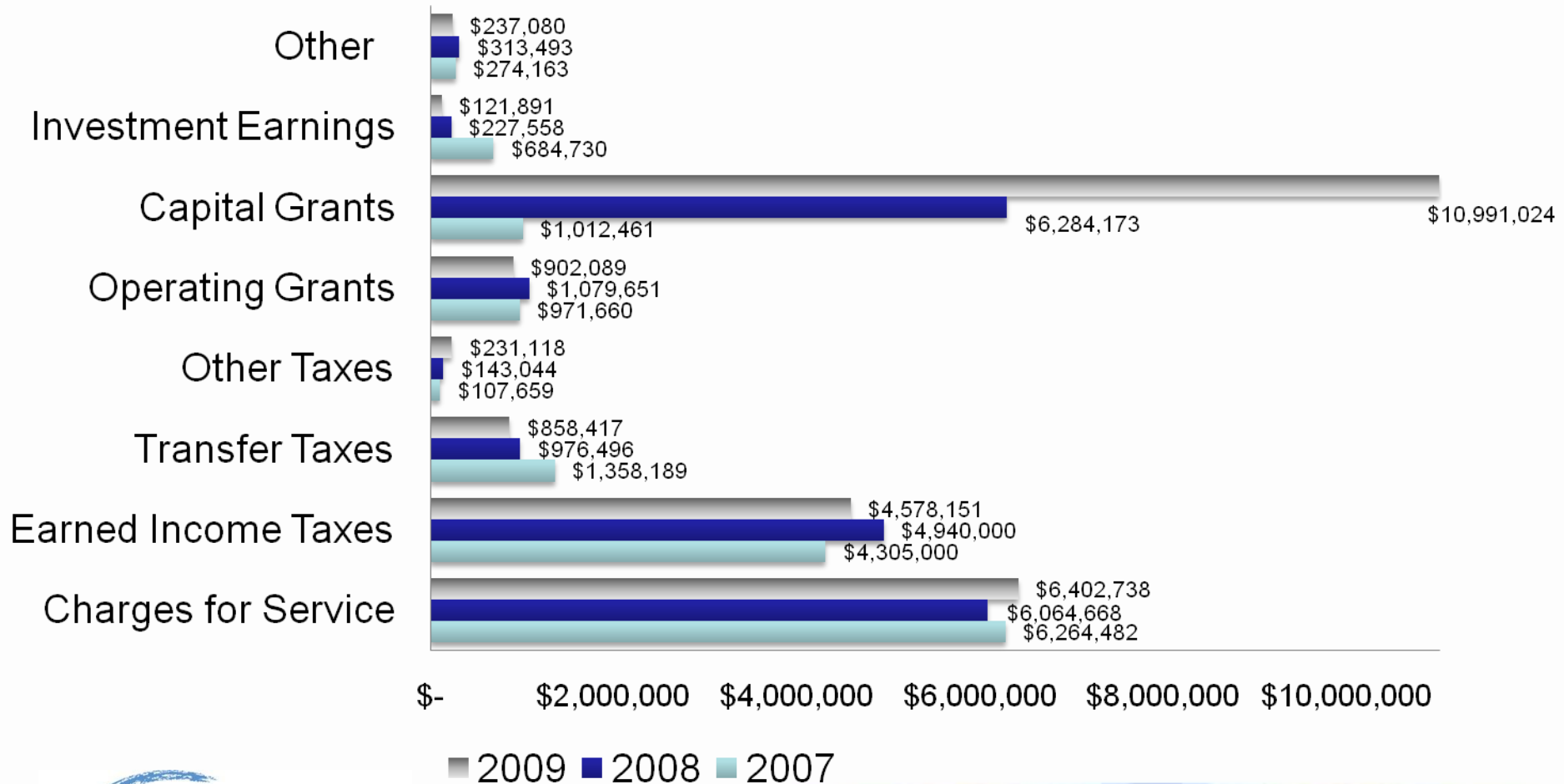


# Financial Results Government Wide



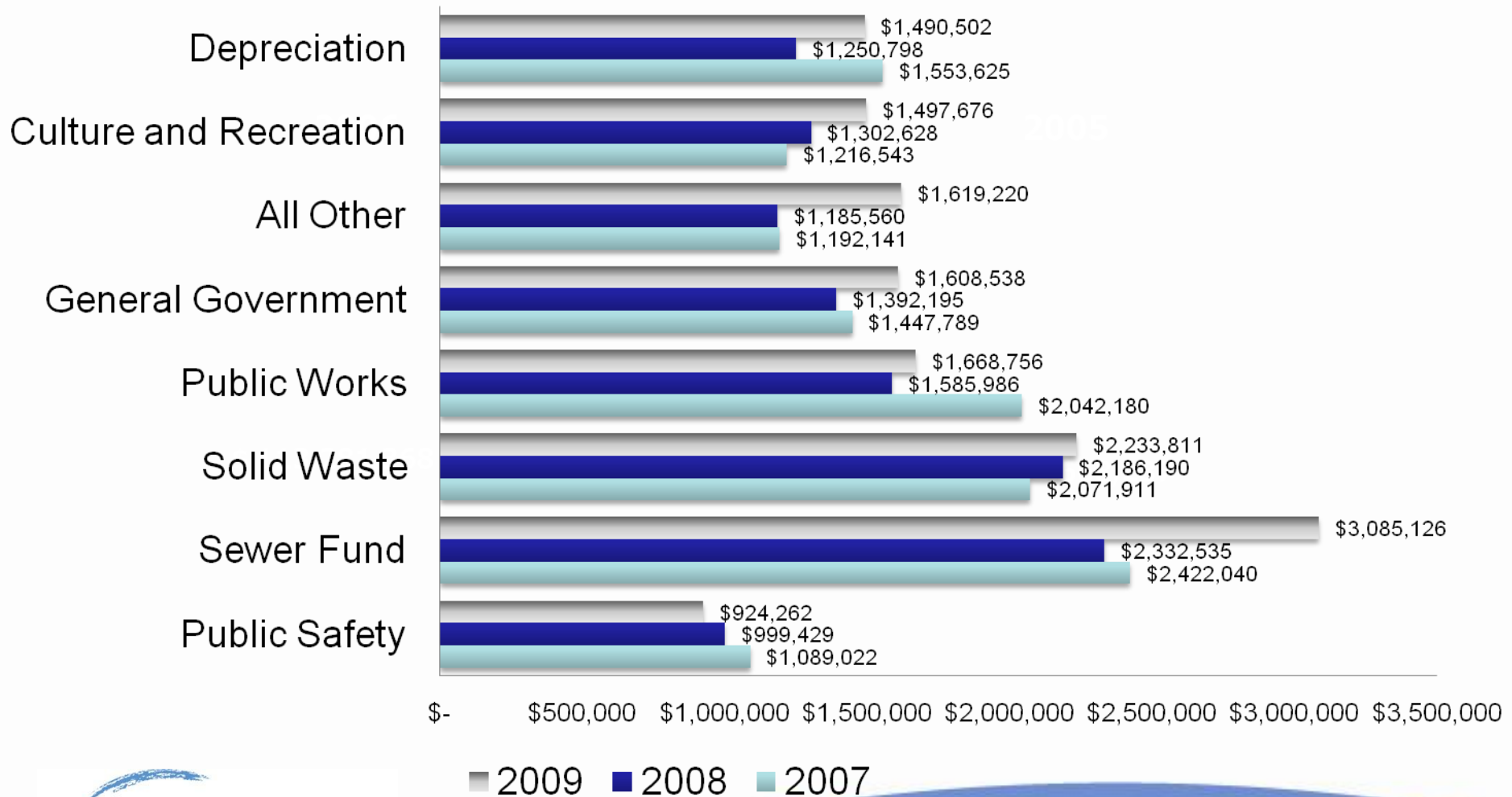
# Financial Results

## Government Wide

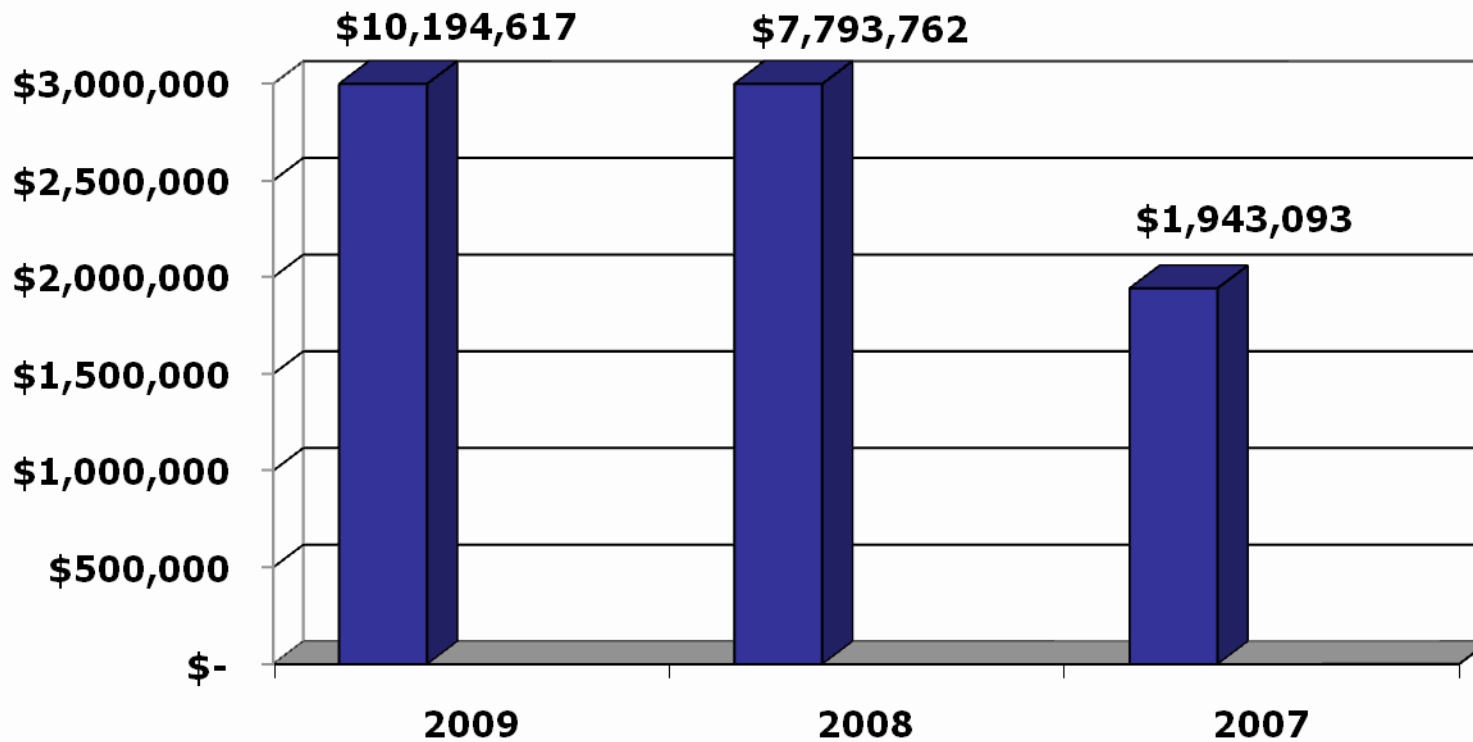


# Financial Results

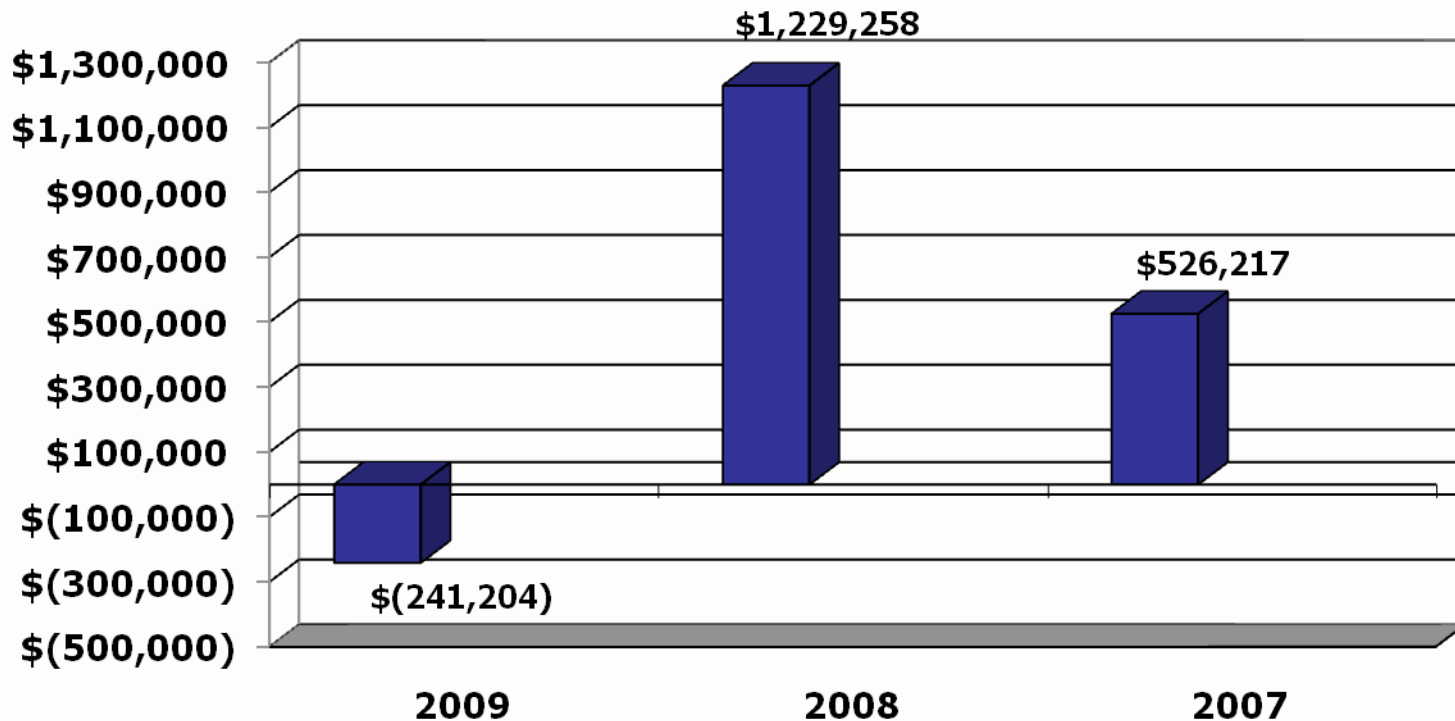
## Government Wide



# Financial Results Government Wide

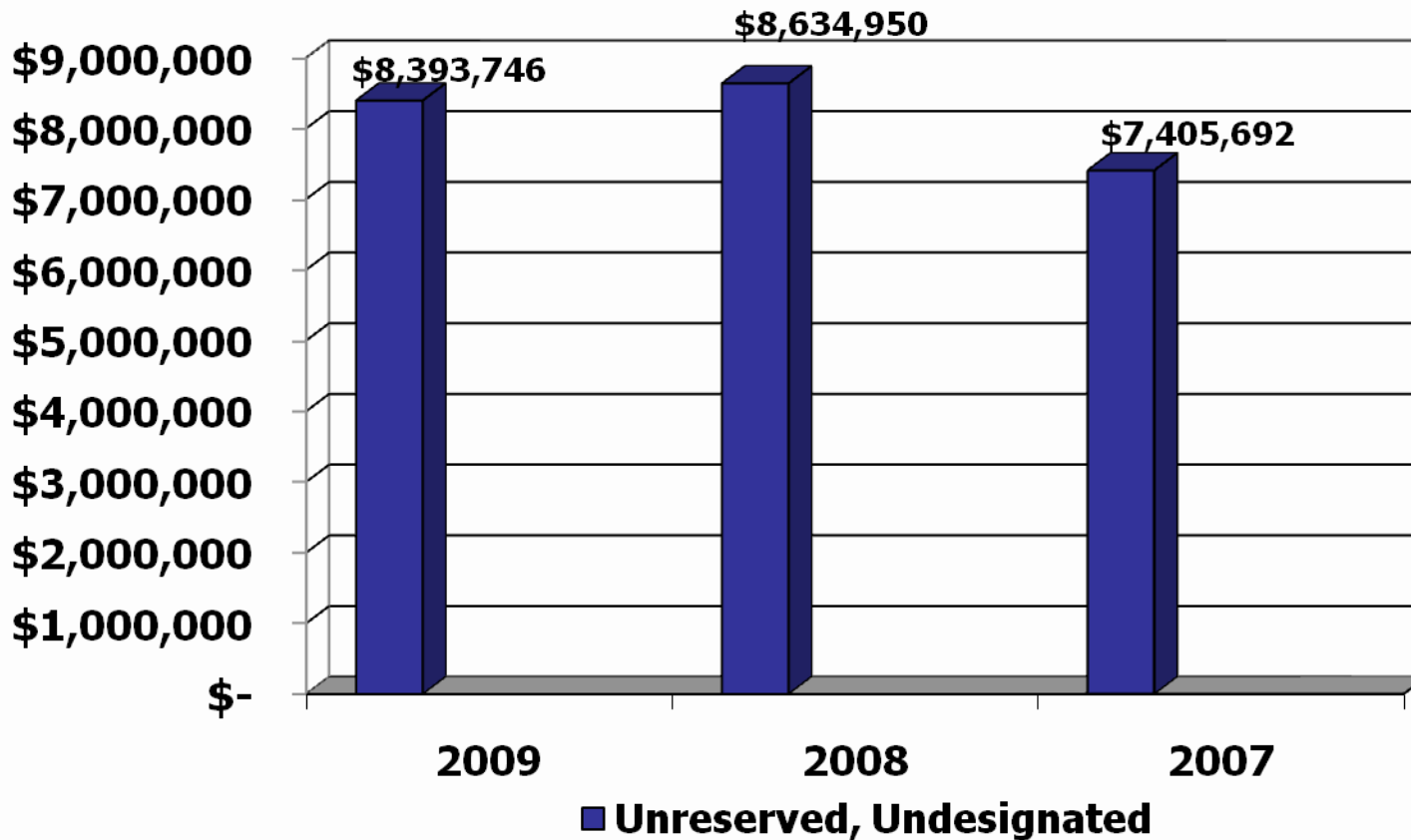


# Financial Results General Fund



# Financial Results

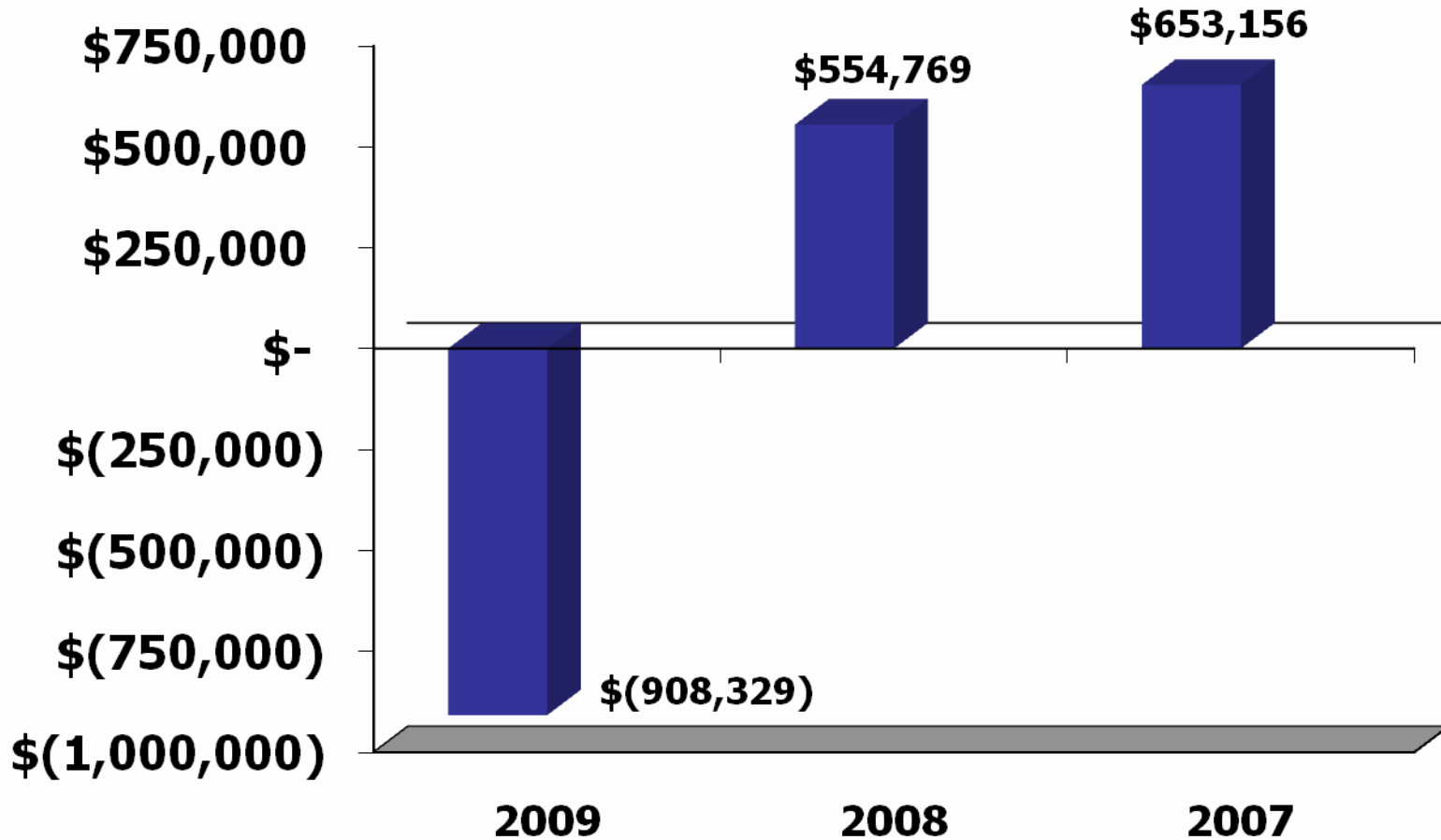
## General Fund



# Financial Results General Fund



## REVENUE - VARIANCE

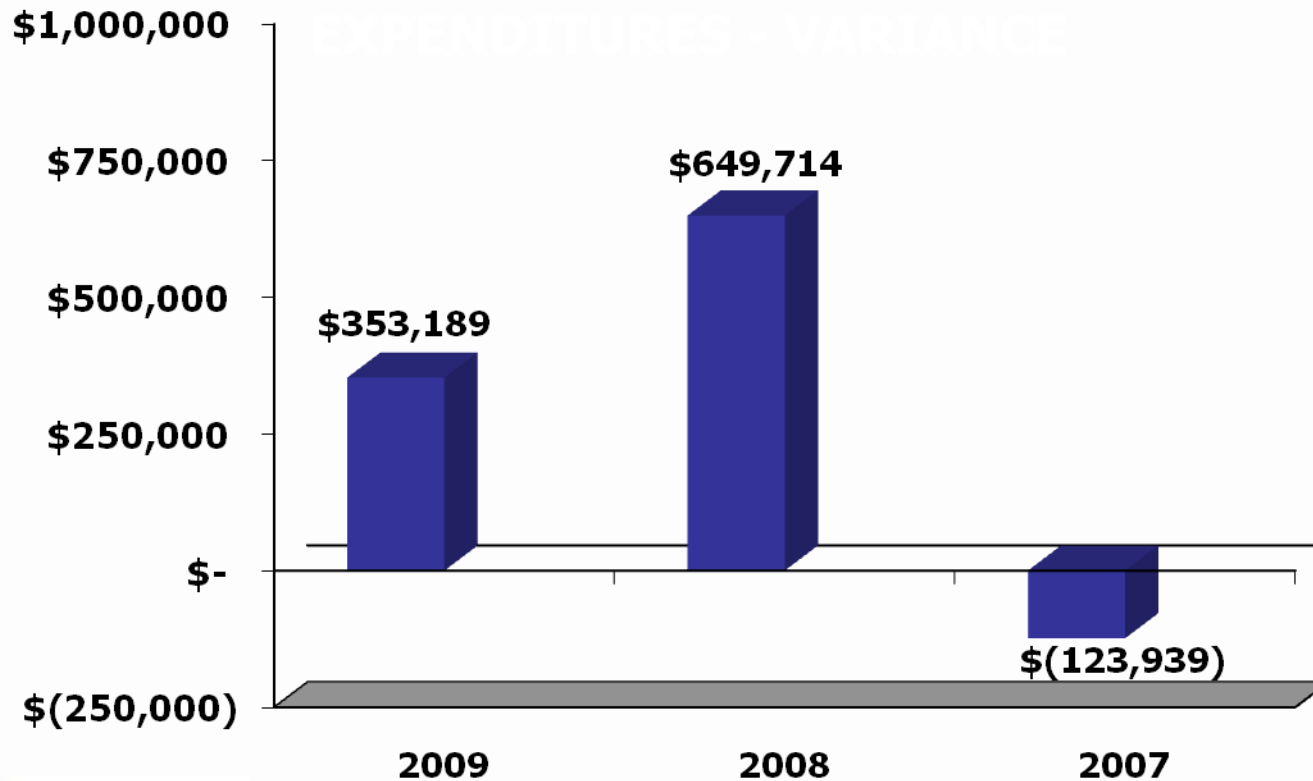


# Financial Results General Fund



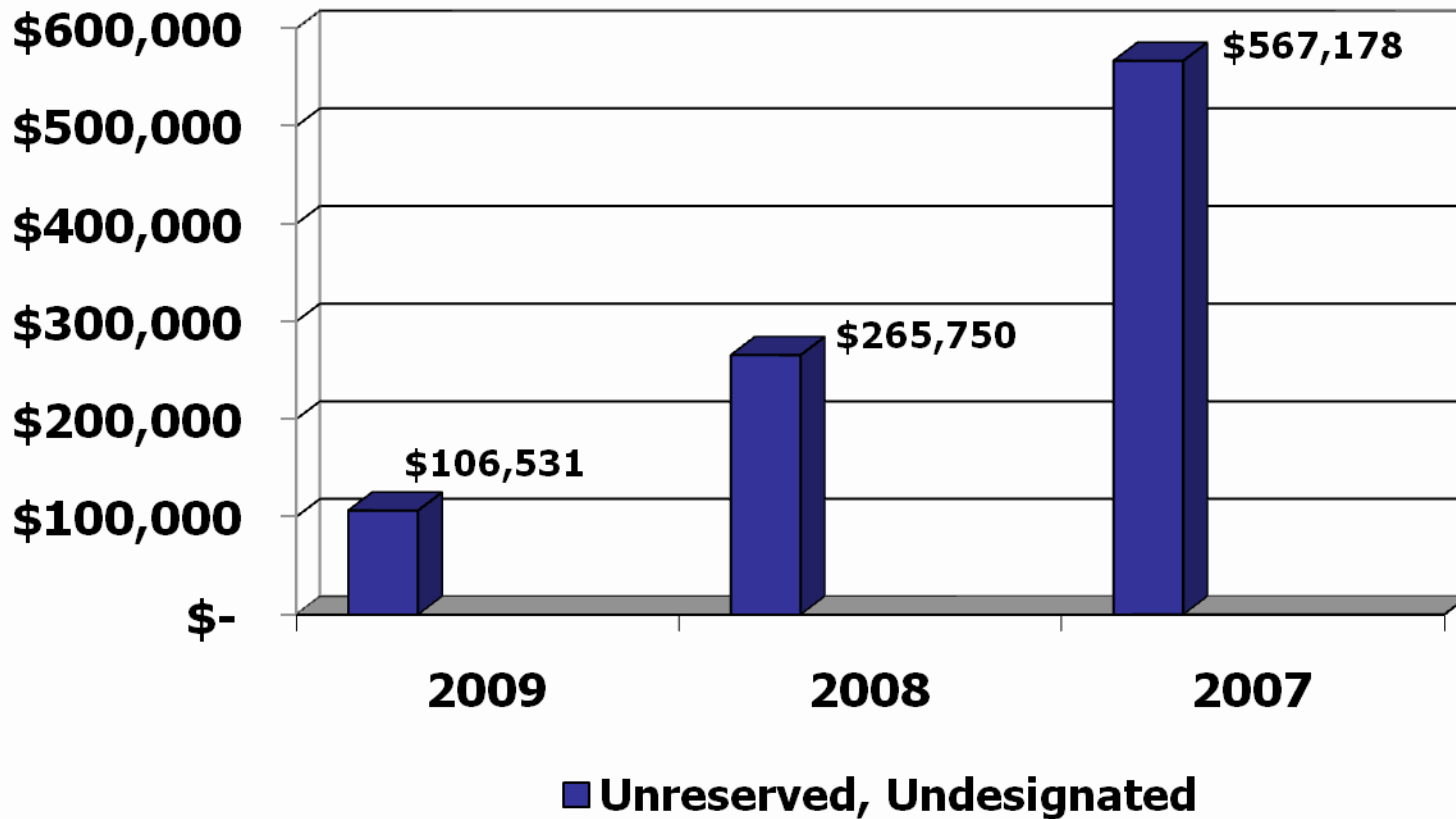
## EXPENDITURE- VARIANCE

BUDGET TO ACTUAL COMPARISON 2009 (continued)



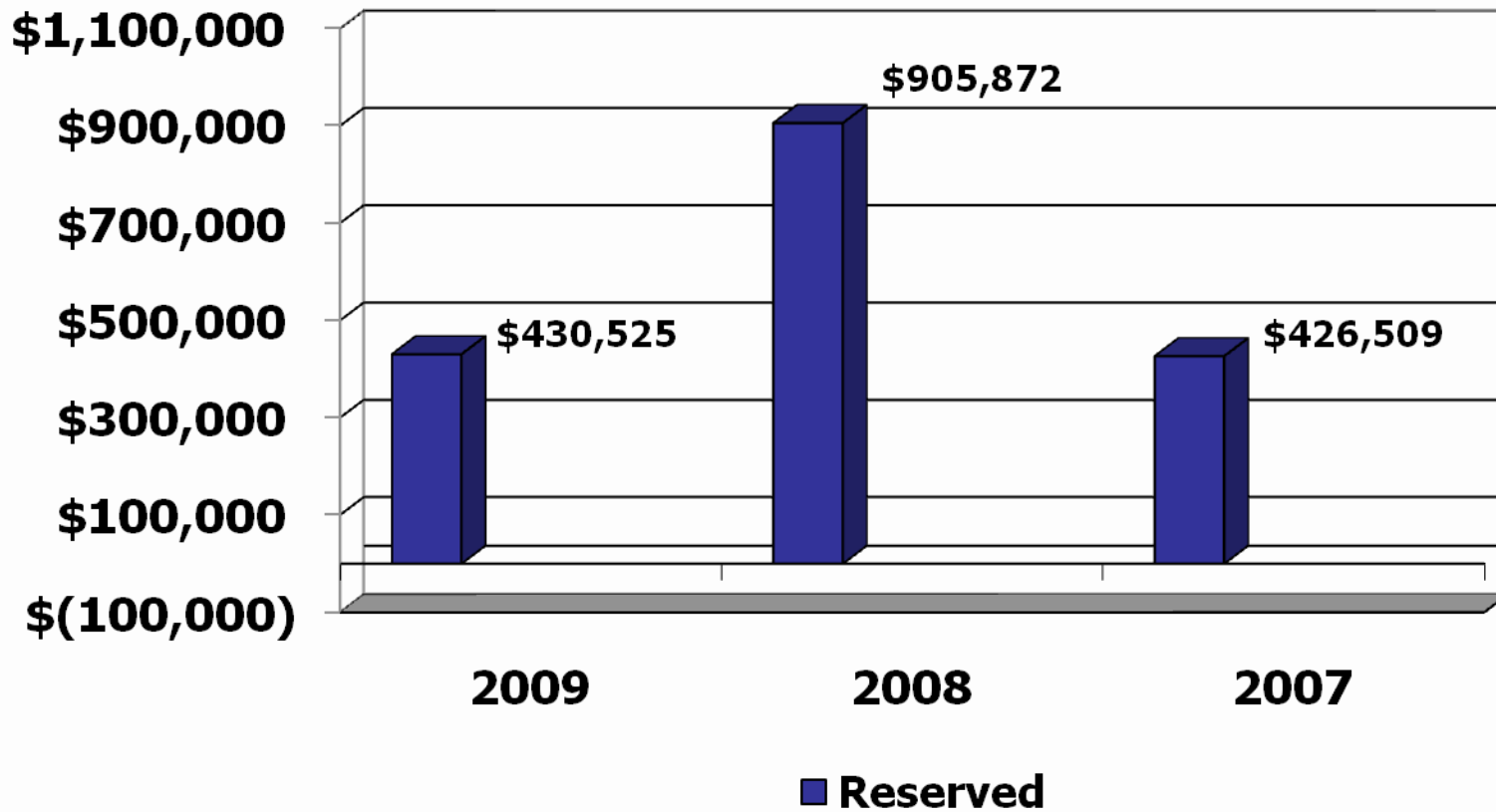
# Financial Results

## Capital Projects Fund



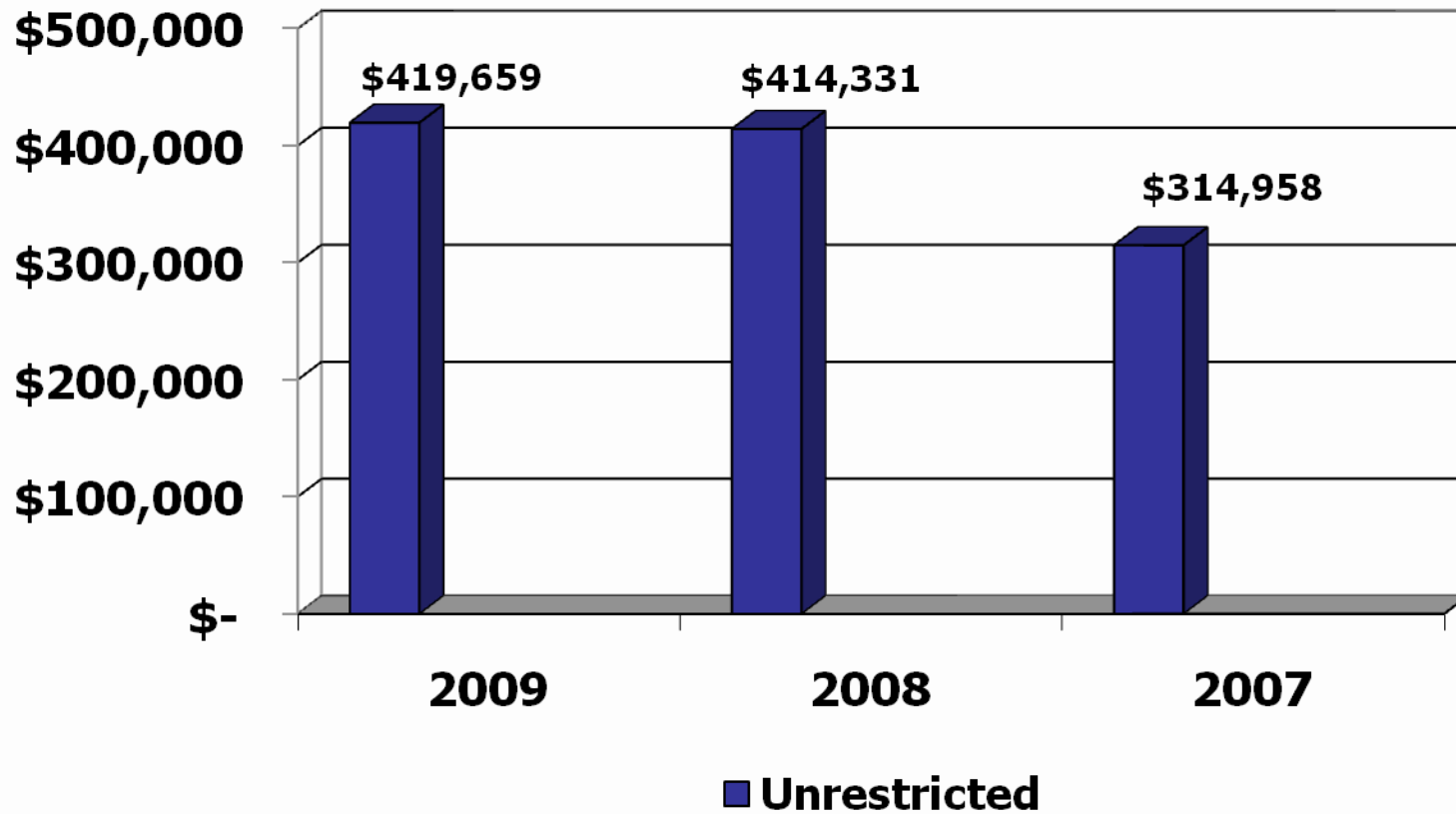
# Financial Results

## Liquid Fuels Fund



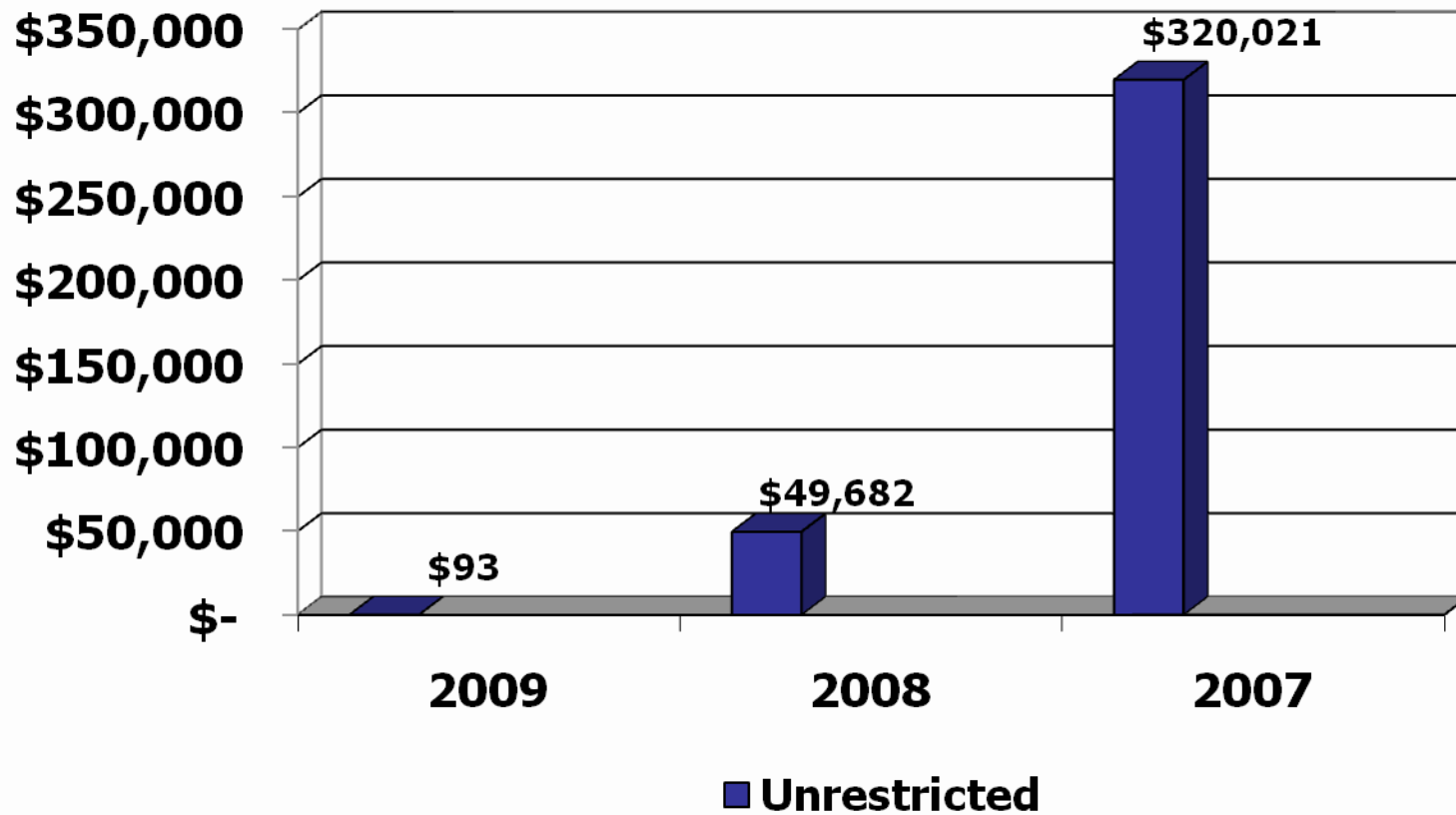
# Financial Results

## Developer Fee Fund



# Financial Results

## Debt Service Fund

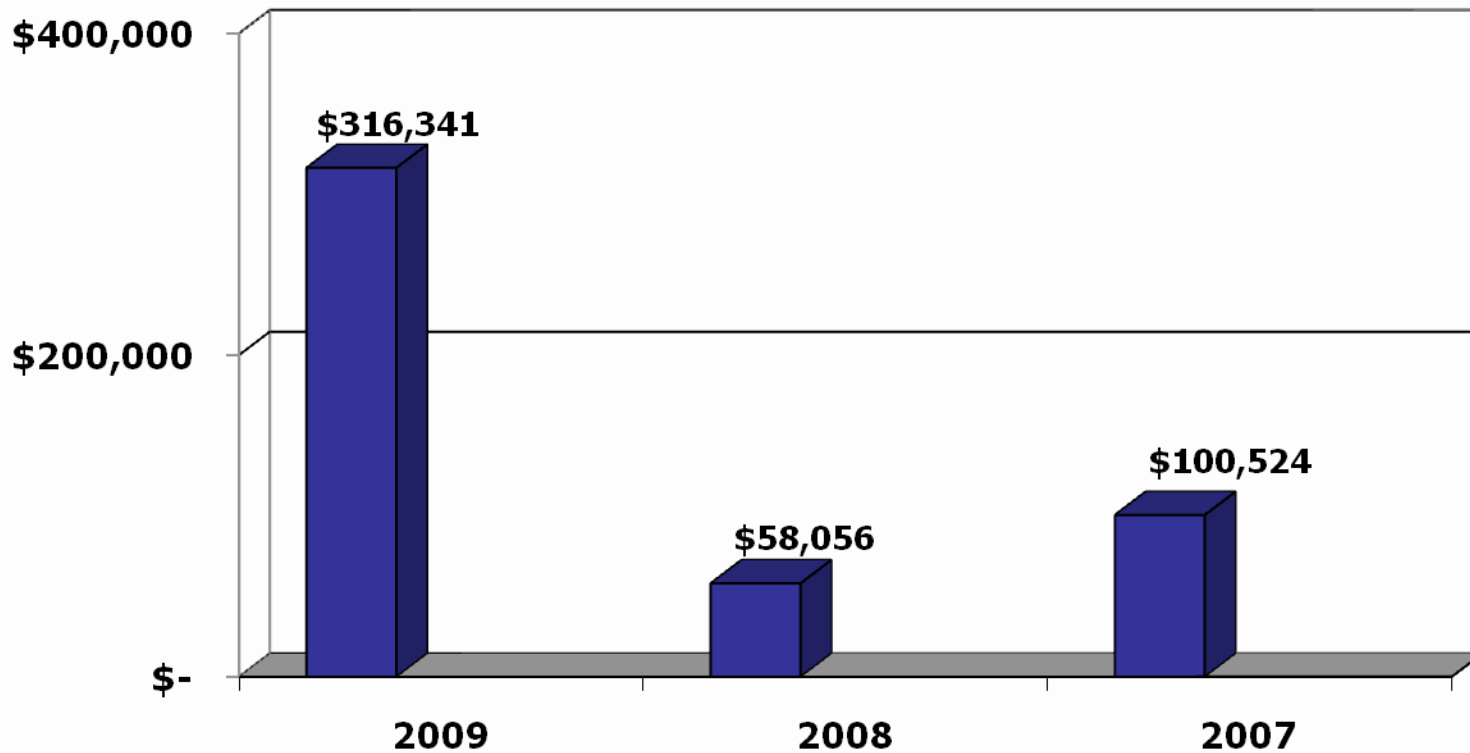


# Financial Results

## Proprietary Activity



### Solid Waste Fund

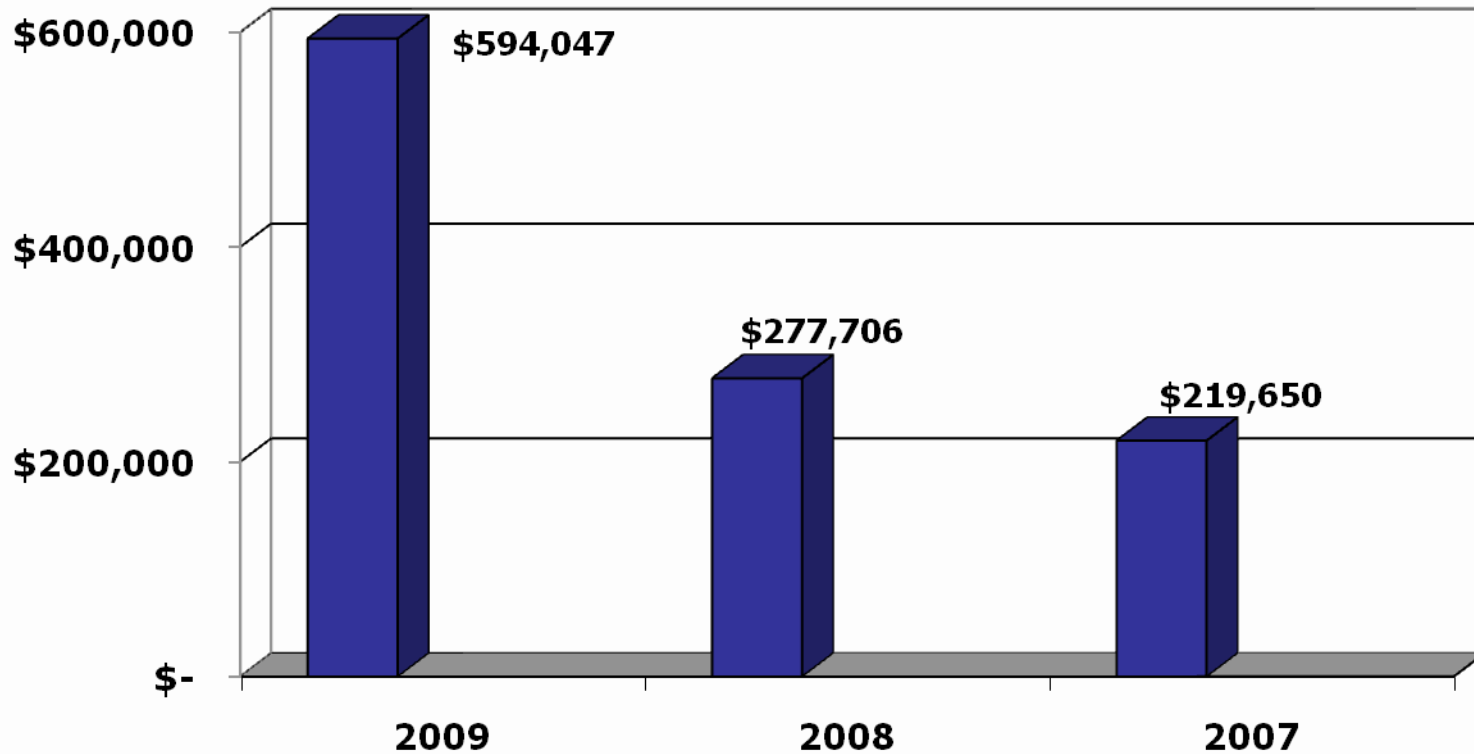


# Financial Results

## Proprietary Activity



### Solid Waste Fund

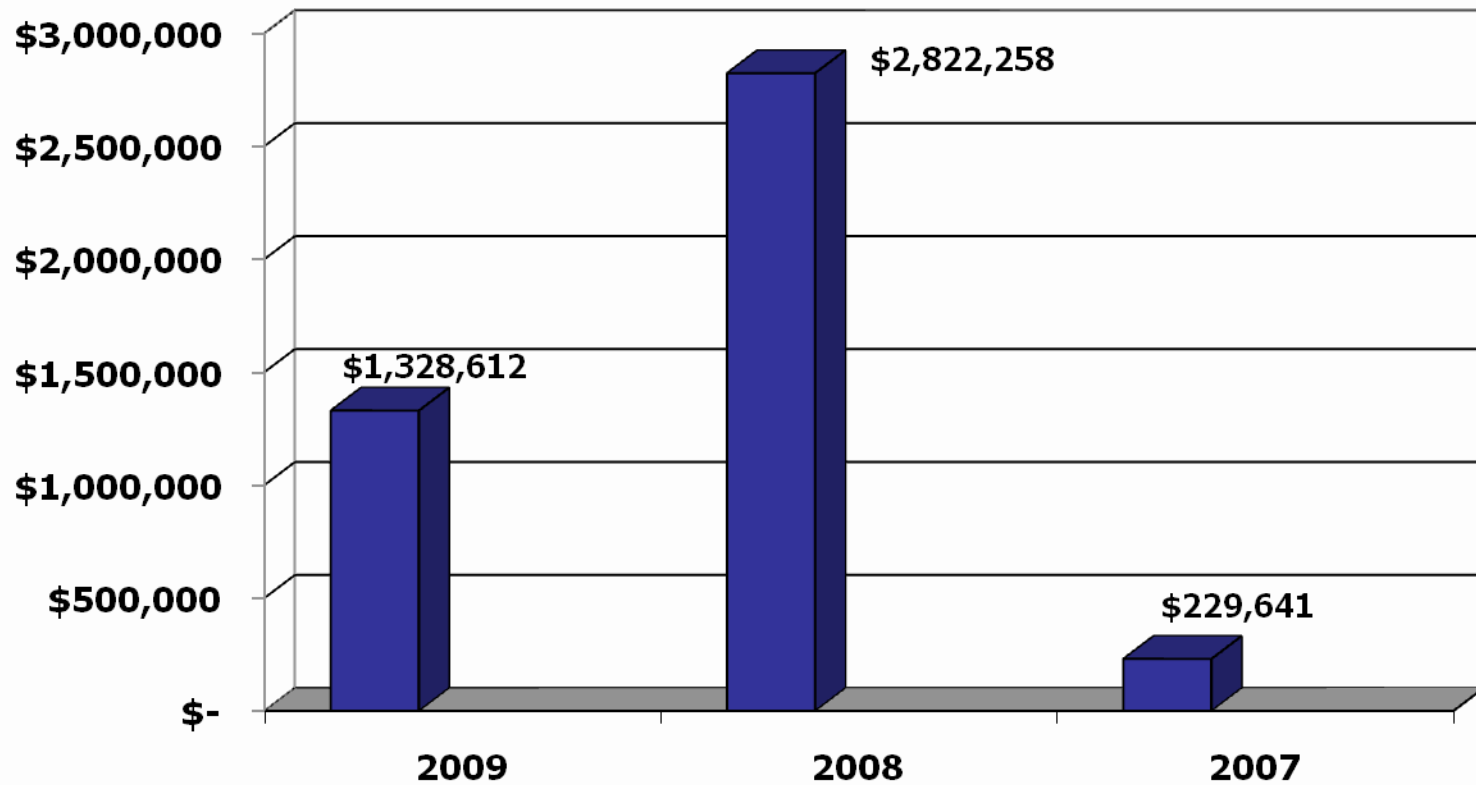


# Financial Results

## Proprietary Activity



### Sewer Fund

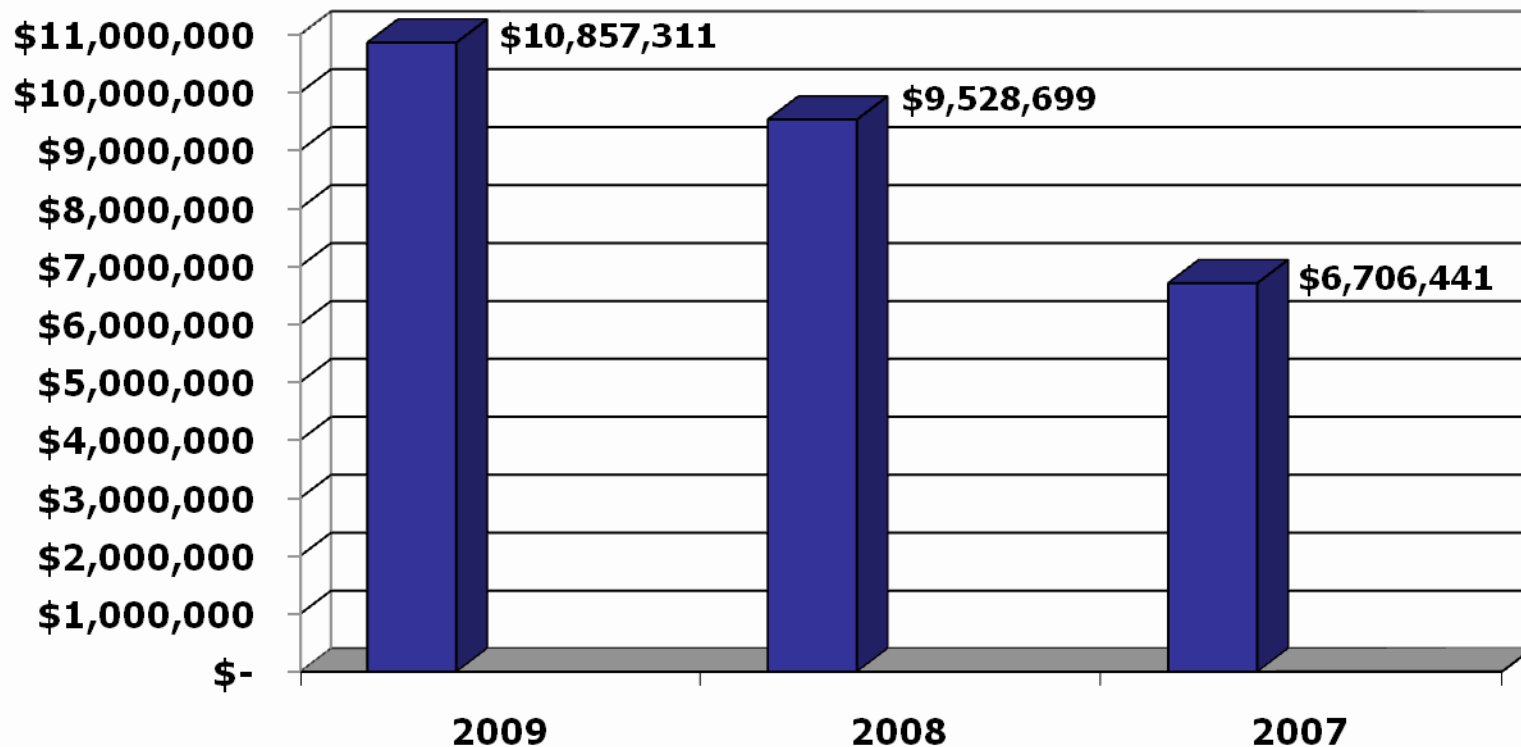


# Financial Results

## Proprietary Activity



### Sewer Fund





# INTERNAL CONTROL COMMENTS

# Internal Control Comments



## Auditing Standards Statement 112“ Communicating Internal Control Matters Identified in an Audit“

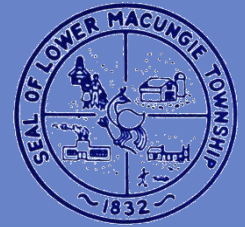
- Control Deficiencies
- Significant Deficiencies
- Material Weaknesses



# *Internal Control Comments*

- No Material Weaknesses (None in 2008 and 4 in 2007 audit)
- No Significant Deficiencies (5 in 2008 and 2 in 2007 audit)
- 4 Control Deficiencies Areas Reported (4 in 2008 and 10 in 2007 audit)
- 2 Management Letter comments

# Internal Control Comments



## Control Deficiencies

- Required adjustments in the area of new debt issuance and deferred revenue from developer contributions
- Escrow Fund Activity is recorded in QuickBooks and not part of the Township's accounting system

# Internal Control Comments



## Control Deficiencies

- Use of pre-numbered of forms for Permit Applications and reconciliation to cash received
- Accounts Receivable subsidiary ledger does not agree to the General Ledger in sewer and solid waste due to unapplied credits



# Management Letter Comments

- Un-reconciled items on bank reconciliations
- Need for a capital asset system that is integrated with the general ledger

*Thank you for the  
opportunity to serve you.*

