

**TOWNSHIP OF LOWER MACUNGIE
LEHIGH COUNTY, PENNSYLVANIA**

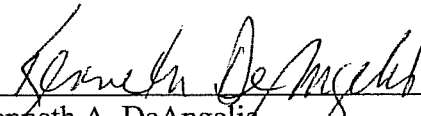
**RESOLUTION NO. 2007-8
Duly Adopted 18 January 2007**

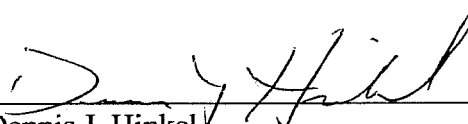
**A RESOLUTION OF THE TOWNSHIP OF LOWER
MACUNGIE, LEHIGH COUNTY, PENNSYLVANIA,
AUTHORIZING THE CREATION OF AN AUDIT
COMMITTEE.**

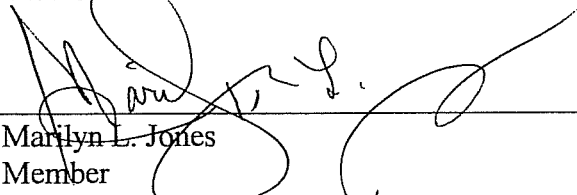
AND NOW, this 18th day of January, 2007, the Board of Supervisors does hereby authorize the creation of a Township Audit Committee which, upon appointment by the Board of Supervisors, shall have the duties and responsibilities set forth on the attached Exhibit A.

DULY RESOLVED by the Board of Supervisors of the Township of Lower Macungie, in lawful session, duly assembled.

**LOWER MACUNGIE TOWNSHIP
BOARD OF SUPERVISORS**

By: 
Kenneth A. DeAngelis
Chairman

By: 
Dennis J. Hinkel
Vice Chairman

By: 
Marilyn L. Jones
Member

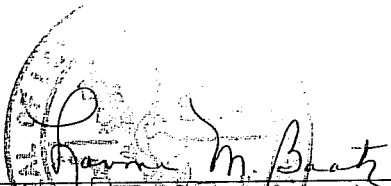
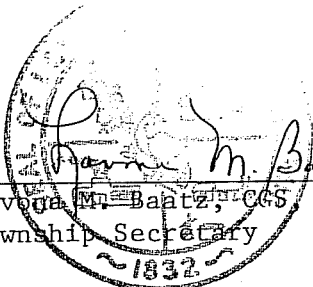

Lavonia M. Baatz, CCS, CMC
Township Secretary


Exhibit A

Audit Committee Charter Outline of Duties and Responsibilities

Purpose

The Audit Committee (the "Committee") is appointed by the Board of Supervisors (the "Board") of Lower Macungie Township (the "Township") to assist the Board in monitoring (1) the integrity of the financial statements of the Township, (2) the qualifications, performance and independence of the Township's independent auditors, and (3) the Township's compliance with legal and regulatory requirements.

The Audit Committee shall:

1. Be composed of three members, one of whom shall be a member of the Board and independent, as determined by the Board in its business judgment, and the other two should be Township residents who are knowledgeable about accounting or accounting practices. The chair of the Committee shall be appointed by the Board. At least one member of the Committee shall have direct finance expertise and all members of the Committee shall be financially literate, as determined by the Board in its business judgment. Committee members who are not Board members shall be protected under the Township's indemnification policy for its Boards and Commissions, as well as under the Township's Director's and Officer's insurance policies, or the equivalent.
2. Meet as needed to address matters on its agendas, but not less than twice each year. File meeting minutes with the Board prior to the next Committee meeting.
3. Review the Audit Committee Charter annually and recommend to the Board any changes that are necessary or appropriate in light of developing best practices and changes in legal or regulatory requirements.
4. Conduct executive sessions with outside auditors and/or Township Finance Director, as deemed necessary, but no less than once a fiscal year. The Committee shall determine what third parties shall attend the executive sessions, and may request any officer or employee of the Township or the Township's outside counsel or independent auditors to attend any meeting of the Committee or to meet with any members of, or consultants to, the Committee without the consent of management or the Board.
5. Recommend the appointment and hiring of independent auditors and evaluate the services they provide. All fees for audit and non-audit services shall be pre-approved by the Board.
6. Consult with the Township's outside counsel, at the Township's expense, without the approval of management or the Board, as it determines necessary to carry out its duties. The Committee shall also have the authority without the consent of management or the Board, at the Township's expense, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee in

connection with fulfilling its obligations hereunder. All fees and expenditures in excess of \$500 shall be approved by the Board before they are incurred.

7. Review with the independent auditors the audit plan and scope, and discuss with the independent auditors all significant accounting policies and procedures, alternative treatments of financial information and ramifications of each alternative.
8. Review all communications between the independent auditors and management, including any management letter and schedule of unadjusted differences.
9. Discuss with the independent auditors, and management when appropriate, the adequacy of the Township's internal controls, information systems controls and security, the effect of regulatory or accounting initiatives, unique transactions or financial relationships, and the Township's interim financial statements.
10. Inquire of management and independent auditors about any significant risks and exposures, assess steps to address or minimize the risks. Discuss sources of revenue and support.
11. Review with independent auditors and management the Township's annual financial statements and footnotes, the audit process and the independent auditors' report, the auditors' judgments of the quality of the Township's accounting principles applied in its financial reporting, any significant changes required in the auditors' audit plan, any difficulties or disputes with management during the audit, and any matters relating to the conduct of the audit as required by Statement on Accounting Standards No. 61, "Communication With Audit Committees."
12. Review with legal counsel any legal or regulatory matters that may have a material impact on the financial statements, regulatory policy compliance and any programs or reports received from regulators.
13. Establish and periodically review the policies and procedures for the receipt, retention and treatment of any complaints or concerns received, internally or externally, regarding accounting, internal controls, auditing, legal or regulatory matters. Review any such complaints or concerns received and determine status and resolution.
14. Establish and periodically review the policies and procedures for the confidential, anonymous submission of employee concerns regarding questionable accounting or auditing matters. Review any such concerns submitted by employees and determine status and resolution.
15. Review the Township's document retention policy annually to ensure that it is adequate and up-to-date.
16. Prepare the Audit Committee annual report, an annual agenda for the upcoming year and annually evaluate the effectiveness of the Audit Committee.