



Randall G. Herring, CPA (1980-2015)
William J. Roll, CPA
Courtney M. Solomon, CPA

Members of American and Pennsylvania Institute of Certified Public Accountants



41 South Fifth Street, Sunbury, Pennsylvania 17801
Phone: 570.286.5895 • Fax: 570.286.5976

December 23, 2016

To the Township Supervisors and Management
Mahoning Township
Attn: Ken Houck
1101 Bloom Road
Danville, PA 17821

Dear Mr. Houck:

Enclosed are 5 copies of the agreed upon procedures report for the period July 1, 2014 through June 30, 2016.

The report addresses each procedure delineated in the engagement letter dated September 7, 2016. While performing our procedures, we noted an issue with your payroll procedures. The payroll is paid for a period ending on the same date as the paycheck. Because of this, the total hours are often estimated and then if the hours actually worked differ from the estimate, the difference is accounted for in the next pay period. Under the Fair Labor Standards Act, an employer must pay an employee for all hours worked within that pay period. There are exceptions to this rule and we did not research whether those exceptions apply to your township. We would encourage you to research this matter to ensure you are in compliance with the law.

We have enclosed our invoice for services performed.

Thank you for the opportunity to provide this service to your township.

Sincerely,

A handwritten signature in black ink that reads 'Courtney M. Solomon'. Below the signature, the text 'Courtney M. Solomon, CPA' is printed in a black, sans-serif font.

Courtney M. Solomon, CPA

Enc.



Randall G. Herring, CPA (1980-2015)
William J. Roll, CPA
Courtney M. Solomon, CPA

Members of American and Pennsylvania Institute of Certified Public Accountants

• • •
41 South Fifth Street, Sunbury, Pennsylvania 17801

Phone: 570.286.5895 • Fax: 570.286.5976

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Township Supervisors and management
Mahoning Township
1101 Bloom Road
Danville, PA 17821

We have performed the procedures enumerated below, which were agreed to by the Mahoning Township Supervisors, solely to assist you with respect to obtaining a comfort level in regards to certain aspects of the accounting records of Mahoning Township for the period July 1, 2014 through June 30, 2016. Mahoning Township's management is responsible for the accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) Procedure: Examine transfers between accounts. Finding: We compiled a list of transfers for the period noted above and traced the transfers to source documents in order to verify the validity of the transfers. We reviewed bank statements, deposit slips, and cancelled checks related to the transfers. We found the transfers recorded in QuickBooks were made within the bank accounts of the Township.
- 2) Procedure: Examine the reason behind overdrawn bank account. Finding: The general fund has two bank accounts. One of these accounts is established as a sweep account to transfer to the other account. The activity in these accounts is recorded in QuickBooks as one general fund checking account. The balance of the two accounts combined does not drop below zero.
- 3) Procedure: Examine transactions between Township and Water Authority. Finding: Transactions between the township and the water authority consisted of health insurance payments, health insurance rebate reimbursements, postage, snow and ice removal, and rent. We looked at one month's health insurance invoice and noted that Water Authority employees encompassed 12% of the premiums paid for that month. The total amount of the refund for health insurance for the year was 20% of the total refund received.
- 4) Procedure: Verify accuracy of payroll tax forms. Finding: We looked at the total payroll for the year and compared that to the total amount reported on the payroll tax returns and year end wage statements. We noted that the total payroll recorded in QuickBooks matched the payroll tax returns and year end wage statements.

- 5) Procedure: Examine transaction coded as donation from private sector of approximately \$74,000. Finding: On the 2015 DCED report, there is \$74,686 recorded as line item 387.00 Contributions and Donations from Private Sector. We found that this number encompassed the money the water authority paid the township for insurance which was \$74,446 plus \$240 that was received for March of Dimes. We believe that the \$240 should have been recorded on that line, but that the \$74,446 should have been recorded as intergovernmental revenue. This was simply an error made in the preparation of the DCED report.
- 6) Procedure: Search for transactions involving third party inspection agency BIU (Builders Inspection Underwriters). Finding: The only transactions between the township and BIU were recorded in the Cooper UCC and Mahoning UCC QuickBooks accounts. The transactions were to pay BIU for their share of the revenue received for zoning permits. We performed a reasonableness test to see if the amount paid was reasonable based on the revenue received. The total amount that we calculated that should have been paid to BIU was reasonably close to the amount BIU was actually paid. We did not perform any additional procedures to prove that the transactions recorded in QuickBooks as paid to BIU were actually paid to BIU. We only tested the reasonableness of what was recorded in QuickBooks.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the financial statements of Mahoning Township. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

Herning, Roll & Solomon

November 1, 2016