



June 24, 2022

Board of Commissioners  
Township of Haverford  
Havertown, Pennsylvania

We have audited the financial statements of the Township of Haverford (“the Township”) as of and for the year ended December 31, 2021, and have issued our report thereon dated June 24, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 24, 2022, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Township solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

### Qualitative Aspects of the Entity's Significant Accounting Estimates

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Township is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were the fair value of investments, the net pension liability and related deferred inflows and outflows of resources, the net OPEB liability and the related deferred inflows of resources, accumulated depreciation and related depreciation expense, and compensated absences.

- Management's estimate of the fair value of investments is based on the latest reported sales price at current exchange rates on a national exchange.
- Management's estimate of the net pension liability and the related deferred inflows and outflows of resources are based on actuarial assumptions.
- Management's estimate of the net OPEB liability and the related deferred inflows of resources are based on actuarial assumptions.
- Management's estimate of the accumulated depreciation and related depreciation expense is based on the estimated useful lives of property and equipment.
- Management's estimate of compensated absences is based on estimates of the amounts owed by the Township according to Township policy.

We evaluated the key factors and assumptions used to develop the above estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### Uncorrected and Corrected Misstatements

As part of our audit, we assisted management with the preparation of certain journal entries. The attached schedule summarizes the adjustments we prepared. Management has posted these adjustments to the books and records of the Township.

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements taken as a whole and each applicable opinion unit. There were no such misstatements identified during the audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No such misstatements were detected as a result of our audit procedures.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Township's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

#### Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated June 24, 2022.

#### Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

#### Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Township, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and

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regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Township's auditor.

Restriction on Use

This information is intended solely for the use of members of the Board of Commissioners and management of the Township of Haverford, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP

Client: **31830 - Township of Haverford**  
Engagement: **31830 - Haverford Township**  
Period Ending: **12/31/2021**  
Trial Balance: **3500.01 - Fund Trial Balance**  
Workpaper: **3700.01 - Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 18</b>				
PBC - to transfer 12/31/20 CIP on Small Sewer Grant spending from Fund 18 to 8				
08.429.2730.02	Sanitary Sewer Construction		8,140.00	
18.130.00	Due From Other Funds		8,140.00	
08.230.00	Due to Other Funds			8,140.00
18.440.9073.02	Capital Projects			8,140.00
<b>Total</b>			<b>16,280.00</b>	<b>16,280.00</b>
<b>Adjusting Journal Entries JE # 19</b>				
PBC - to capitalize 2021 Green Valley Sewer Project (Small Water Sewer grant spending) for proprietary funds - Asset #11166				
08.164.00	Fixed Assets		81,780.00	
08.429.2730.02	Sanitary Sewer Construction			81,780.00
<b>Total</b>			<b>81,780.00</b>	<b>81,780.00</b>
<b>Adjusting Journal Entries JE # 20</b>				
PBC - to record depreciation for 2021 for proprietary funds				
08.429.5350.02	Depreciation Expense		123,545.00	
08.164.05	Accumulated Depreciation			123,545.00
<b>Total</b>			<b>123,545.00</b>	<b>123,545.00</b>
<b>Adjusting Journal Entries JE # 21</b>				
PBC - to defer revenue received from Aqua PA for road restoration - not being done until 2022				
18.300.3702.01	Miscellaneous Items		229,000.00	
18-252-000	Deferred Revenues			229,000.00
<b>Total</b>			<b>229,000.00</b>	<b>229,000.00</b>
<b>Adjusting Journal Entries JE # 22</b>				
To record the pension activity in the Sewer Fund				
08.168.02	Deferred Inflows - Pensions		158,366.00	
08.268.02	Deferred Outflows - Pensions		12,866.00	
08.269.02	Net Pension Liability			130,791.00
08.429.1515.02	Pension Fund			40,441.00
<b>Total</b>			<b>171,232.00</b>	<b>171,232.00</b>
<b>Adjusting Journal Entries JE # 23</b>				
PBC - To accrue additional March A/P				
01.410.2803.02	UNIFORMS		561.00	
01.434.2312.02	SIGNAL/LIGHT MAINTENANCE		17,144.00	
01.451.4300.02	MAINTENANCE & REPAIRS		195.00	
01.200.00	Accounts Payable			17,900.00
<b>Total</b>			<b>17,900.00</b>	<b>17,900.00</b>
<b>Adjusting Journal Entries JE # 26</b>				
PBC - To accrue additional March A/P or retainages				
18.440.9073.02	Capital Projects		38,486.00	
18.200.00	Accounts Payable			38,486.00
<b>Total</b>			<b>38,486.00</b>	<b>38,486.00</b>
<b>Adjusting Journal Entries JE # 27</b>				
PBC - To defer unused ARPA grant revenue as of 12/31/2021				
03.300.3549.01	Grant Revenue		9,522,107.00	
03.252.00	Deferred Revenues			9,522,107.00
<b>Total</b>			<b>9,522,107.00</b>	<b>9,522,107.00</b>

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Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 29</b>		<b>4400.16</b>		
To reallocate pension expenses in the current year				
01.402.1515.02	PENSION FUND		2,215.00	
01.427.1515.02	PENSION FUND		2,422.00	
01.430.1515.02	PENSION FUND		9,865.00	
08.429.1515.02	Pension Fund		947.00	
01.400.1515.02	PENSION FUND			10,575.00
01.400.2000.02	MISCELLANEOUS EXPENSE			1,277.00
01.407.1515.02	PENSION FUND			415.00
01.409.1515.02	PENSION FUND			126.00
01.410.1515.02	PENSION FUND			240.00
01.413.1515.02	PENSION FUND			244.00
01.416.1515.02	PENSION FUND			188.00
01.450.1515.02	PENSION FUND			831.00
01.451.1515.02	PENSION FUND			291.00
01.454.1515.02	PENSION FUND			315.00
08.429.2000.02	Miscellaneous Expense			947.00
<b>Total</b>			<b>15,449.00</b>	<b>15,449.00</b>
<b>Total Adjusting Journal Entries</b>			<b>10,215,779.00</b>	<b>10,215,779.00</b>
<b>Reclassifying Journal Entries</b>				
<b>Reclassifying Journal Entries JE # 24</b>		<b>4600.05</b>		
To reclassify sewer fund fixed assets				
08.164.01	Buildings and improvements		811,066.00	
08.164.02	Vehicles		761,359.00	
08.164.03	Sewer System		5,610,089.00	
08.164.00	Fixed Assets			7,182,514.00
<b>Total</b>			<b>7,182,514.00</b>	<b>7,182,514.00</b>
<b>Reclassifying Journal Entries JE # 28</b>		<b>5300.05</b>		
Reclassification of the debt refunding accounts for financial statement presentation.				
18.440.8328.02	Borrowing Issue Costs		89,832.00	
18.440.9040.02	Bond Issue Adm/Pay Agent		95,297.00	
18.300.3714.01	Bond Issue Proceeds			185,129.00
<b>Total</b>			<b>185,129.00</b>	<b>185,129.00</b>
<b>Reclassifying Journal Entries JE # 30</b>		<b>7300.06</b>		
To break out the compensated absences liability for the FS.				
08.201.00	Payroll Payable		34,036.00	
08.202.00	Compensated Absences			34,036.00
<b>Total</b>			<b>34,036.00</b>	<b>34,036.00</b>
<b>Total Reclassifying Journal Entries</b>			<b>7,401,679.00</b>	<b>7,401,679.00</b>
<b>Total All Journal Entries</b>			<b>17,617,458.00</b>	<b>17,617,458.00</b>