

May 2, 2022

To the Council Members  
Pottstown Borough Authority  
Pottstown, Pennsylvania

We have audited the financial statements of the Pottstown Borough Authority as of and for the year ended December 31, 2021 and have issued our report thereon dated May 6, 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 13, 2022, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity 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 of 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 Pottstown Borough Authority 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.

## **SIGNIFICANT RISKS IDENTIFIED**

We have identified the following significant risks:

- Management override of internal controls: Even though internal control over financial reporting may appear to be well-designed, controls that are otherwise effective can be overridden by management.
- Improper revenue recognition: The risk that revenue may be improperly recognized due to either error or override of controls.

## **QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES**

### **Significant Accounting Policies**

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Pottstown Borough Authority is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year. 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 are:

- Management's estimate of accumulated amortization and depreciation expense is based on original costs and estimated useful life of the assets.
- Management's estimate of the allowance for uncollectible receivables.
- Management's estimate of the net pension liability and related deferred inflows and outflows of resources, which are based on actuarial calculations.

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

#### **Financial Statement Disclosures**

The financial statement disclosures are neutral, consistent and clear.

#### **SIGNIFICANT UNUSUAL TRANSACTIONS**

There were no significant unusual transactions identified as a result of our audit procedures that were brought to the attention of management.

#### **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**

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 as a whole. Management has corrected all identified misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

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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. The attached schedule of misstatements, including those that are material, that we identified as a result of our audit procedures was brought to the attention of, and corrected by, management.

#### **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 Pottstown Borough Authority's financial statements or the auditors' 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 May 6, 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 Pottstown Borough Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and 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 Pottstown Borough Authority's auditors.

This report is intended solely for the information and use of the Council Members and management of the Pottstown Borough Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



MAILLIE LLP  
*Certified Public Accountants and  
Business Consultants*