

Wednesday, November 30, 2022
Board of Commissioners Special Meeting

Public Meeting Room, 6:00 p.m.
South Whitehall Township Building
4444 Walbert Avenue
Allentown, PA 18104

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ANNOUNCEMENTS

A. All public sessions of the South Whitehall Township Board of Commissioners are electronically recorded, filed, and posted to the website for Public access.

4. AGENDA ITEMS

A. To discuss and possibly appoint an individual, by Resolution, to fill one (1) current Board of Commissioners vacancy, as a result of the resignation of Michael Wolk.

B. Discuss and consider official action to authorize the Township Solicitor, by Motion, to attend the hearing for Zoning Hearing Board Appeal 2022-10, which is scheduled for December 1, 2022 (7:00 PM) at the Township Municipal Building, and any subsequent hearing(s) on behalf of the Board of Commissioners as an Interested Party or Objector.

C. Consideration of Approval of a Resolution Appointing an Independent Auditor to Serve as Township Auditor and Conduct the Financial Audit for the Fiscal Year 2022

5. COURTESY OF THE FLOOR

6. EXECUTIVE SESSION

7. ADJOURNMENT

**SOUTH WHITEHALL TOWNSHIP
LEHIGH COUNTY, PENNSYLVANIA**

RESOLUTION NO. 2022-__
(Duly Adopted November 30, 2022)

**A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF SOUTH WHITEHALL TOWNSHIP, LEHIGH COUNTY,
PENNSYLVANIA TO APPOINT _____
AS SUCCESSOR COMMISSIONER TO FILL VACANT
SEAT OF MICHAEL WOLK**

WHEREAS, Section 55530(a) of the First Class Township Code (“Code”) provides if a vacancy occurs in the office of township commissioner by resignation, the board of township commissioners shall fill the vacancy within thirty (30) days by appointing by resolution a registered elector of the township in which the vacancy occurs;

WHEREAS, pursuant to Section 55530(a.1) (1) of the Code, a vacancy by resignation is created upon the acceptance of the resignation by a majority vote of a quorum of the commissioners at a public meeting or the effective date of the tendered resignation, whichever is later;

WHEREAS, South Whitehall Township Board of Commissioners member Michael Wolk tendered his resignation, which was formally accepted by a majority vote of a quorum of the commissioners at a public meeting held on November 16, 2022;

WHEREAS, as required under §55501(a) of the Code, _____ is eligible to fill the vacancy as he is a registered elector of South Whitehall Township (“Township”) and has resided in the Township continuously for over one year immediately prior to his appointment; and

WHEREAS, the Township Board of Commissioners desires to appoint
as successor Commissioner.

NOW, THEREFORE, BE IT RESOLVED that the Township Board of Commissioners hereby appoints _____ to fill the vacancy on the South Whitehall Township Board of Commissioners. Said Commissioner is appointed to serve in that role until Tuesday, January 2, 2024, as established by the First Class Township Code.

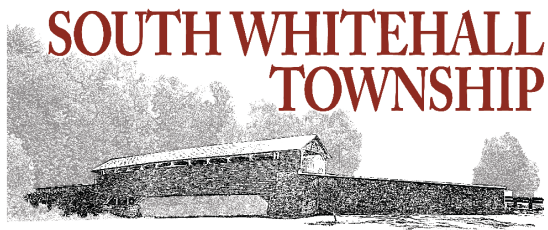
DULY ADOPTED, this 30th day of November, 2022 by a majority of the Board of Commissioners of the Township of South Whitehall, Lehigh County, Pennsylvania, at a duly advertised meeting of the Board of Commissioners at which a quorum was present. As part of this Resolution, the Board of Commissioners has directed that the President, or Vice-President in the absence of the President, execute this Resolution on behalf of the Board.

**SOUTH WHITEHALL TOWNSHIP
BOARD OF COMMISSIONERS**

By: _____
Diane Kelly, President

ATTEST:

Tricia Dickert, Twp. Secretary



MEMORANDUM FOR AGENDA ITEMS

TO:	Board of Commissioners
FROM:	Tom Petrucci, Township Manager
DATE:	November 23, 2022
SUBJECT:	Discuss and consider official action to authorize the Township Solicitor to attend the hearing for Zoning Hearing Board Appeal 2022-10
COPY TO:	H. Bender; D. Manhardt; T. Fehnel

- **Action Requested:**

Official action is requested from the Board of Commissioners to authorize the Township Solicitor to attend the hearing for Zoning Hearing Board Appeal 2022-10 that is scheduled for December 1, 2022 (7:00 PM). The Township may attend as either an Interested Party or an Objector. It is the recommendation of Township management that the Township should attend as an Objector.

- **Background Information:**

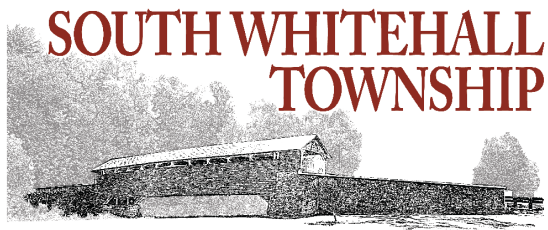
The Appeal of Moyer Construction LLC seeks a Favorable Interpretation from Section 350-23 (b), Uses Not Specifically Listed, Similar Uses, where the Zoning Hearing Board may determine that a proposed Use is sufficiently similar in character and impact to that of a listed Use and that the proposed Use may be treated the same as the listed Use. The Applicant seeks to find a favorable interpretation for a Sober Living Residence to be sufficiently similar in character and impact to the permitted use of an Assisted Living Residence of which is permitted in the R5 Zoning District. The subject property is located at 3599 Broadway and is zoned R5 Medium Density Residential District. Tax ID No. 548643493992 1.

The Township takes the position that the proposed use is already provided for within the Zoning Ordinance in other districts as a “Treatment Center”, which is not permitted within the R5 Zoning District. Therefore, the provision of 350-23 (b), which is recited below, would not apply. The full legal argument will be crafted by the Solicitor.

Similar uses. The Zoning Hearing Board may determine that a proposed use is sufficiently similar in character and impact to that of a listed use and that the proposed use may be treated the same as the listed use.

- **Budget Line Item(s) (if applicable):** *Please indicate approved budget amount for specified project(s).*

General Fund Line Item 01404102-40573 (General Legal Expense)



MEMORANDUM FOR AGENDA ITEMS

TO:	Board of Commissioners
FROM:	Tom Petrucci, Township Manager
DATE:	November 22, 2022
SUBJECT:	Request for Approval of Resolution Appointing the Independent Auditor to Serve as Township Auditor and Conduct the Audit for the Fiscal Year 2022
COPY TO:	H. Bender; T. Dickert; T. Fehnel

- **Action Requested:**

Official action is requested from the Board of Commissioners to approve the enclosed Resolution, which is summarized as follows:

A RESOLUTION APPOINTING AN INDEPENDENT AUDITOR TO SERVE AS TOWNSHIP AUDITOR AND CONDUCT THE FINANCIAL AUDIT FOR THE FISCAL YEAR 2022

- **Background Information:**

Article V, Section 503 (3) (ii) of the First Class Township Code, as amended, permits for the appointment of an Independent Auditor, in lieu of providing for the election of three (3) Auditors.

Chapter 50 (Officers and Employees) Article II (Auditor), at §50-12 (Appointment) of the South Whitehall Township Code of Ordinances provides that the Board of Commissioners shall annually by resolution, *at least thirty (30) days prior to the close of the fiscal year*, appoint an Independent Auditor to serve as the Township Auditor, which Auditor shall, in addition to other duties assigned to him by the Commissioners, make an independent examination of all accounts and accounting records of the Township for the fiscal year then closing. This appointment shall commence on the first Monday of January succeeding the year of appointment, and such Independent Auditor shall have and possess all the powers and perform all the duties provided in the First Class Township Code for elected Auditors.

NOTE- I am currently in the process of obtaining a proposal from Herbein + Company, Inc; this information should be provided on or before **Tuesday, November 29, 2022**. For reference, the cost of providing these services to the Township for the 2021 audit was \$25,000.00.

- **Budget Line Item(s) (if applicable):** *Please indicate approved budget amount for specified project(s).*

SOUTH WHITEHALL TOWNSHIP
LEHIGH COUNTY, PENNSYLVANIA

RESOLUTION NO. 2022-__

(Duly Adopted November 30, 2022)

**A RESOLUTION APPOINTING AN INDEPENDENT AUDITOR TO SERVE AS
TOWNSHIP AUDITOR AND CONDUCT THE FINANCIAL AUDIT FOR THE FISCAL
YEAR 2022**

WHEREAS, Article V, Section 503 (3) (ii) of the First Class Township Code, as amended, permits for the appointment of an Independent Auditor, in lieu of providing for the election of three (3) Auditors; and

WHEREAS, Chapter 50 (Officers and Employees) Article II (Auditor), at §50-12 (Appointment) of the South Whitehall Township Code of Ordinances provides that the Board of Commissioners shall annually by resolution, at least thirty (30) days prior to the close of the fiscal year, appoint an Independent Auditor to serve as the Township Auditor, which Auditor shall, in addition to other duties assigned to him by the Commissioners, make an independent examination of all accounts and accounting records of the Township for the fiscal year then closing. This appointment shall commence on the first Monday of January succeeding the year of appointment, and such Independent Auditor shall have and possess all the powers and perform all the duties provided in the First Class Township Code for elected Auditors; and

NOW, THEREFORE, BE IT RESOLVED that Herbein + Company, Inc., of 2763 Century Boulevard, Reading, PA 19610, is hereby appointed in accordance with Article V, Section 503 (3) (ii) of the First Class Township Code, as amended, and §50-12 of the South Whitehall Township Code of Ordinances as Township Auditor for the Township of South Whitehall, Lehigh County, Pennsylvania, to conduct the financial audit for the fiscal year of 2022, per the attached engagement letter—APPENDIX—A. This appointment shall commence on January 1, 2023.

DULY ADOPTED, this 30th day of November 2022 by a majority of the Board of Commissioners of the Township of South Whitehall, Lehigh County, Pennsylvania, at a duly advertised meeting of the Board of Commissioners at which a quorum was present. As part of this Resolution, the Board of Commissioners has directed that the President, or Vice-President in the absence of the President, execute this Resolution on behalf of the Board.

**TOWNSHIP OF SOUTH WHITEHALL
BOARD OF COMMISSIONERS**

ATTEST:

Diane Kelly, President

Tricia Dickert, Twp. Secretary

The 2023 Budget provides for up to a total of \$50,000.00 for accounting/auditing services in General Fund Line Item 01406002-40311.

November 28, 2022

To the Board of Commissioners and Management
South Whitehall Township
4444 Walbert Avenue
Allentown, PA 18104

We are pleased to confirm our understanding of the services we are to provide South Whitehall Township for the year ended December 31, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of South Whitehall Township as of and for the year ended December 31, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement South Whitehall Township's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to South Whitehall Township's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

- 1) Budgetary Comparison Schedule for the General Fund
- 2) Schedule of Changes in Net Pension Liability and Related Ratios -
 - a) Police Pension Plan
 - b) Public Works Union Employees' Pension Plan
 - c) Office Personnel Pension Plan
- 3) Schedule of Township Contributions and Investment Returns
- 4) Schedule of Changes in Total OPEB Liability and Related Ratios

We have also been engaged to report on supplementary information other than RSI that accompanies South Whitehall Township's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Combining Balance Sheet - Nonmajor Governmental Funds
- 2) Combining Statement of Revenues, Expenditures, and Changed in Fund Balances - Nonmajor Governmental Funds
- 3) Combining Statement of Net Position - Fiduciary Funds
- 4) Combining Statement of Changes in Net Position - Fiduciary Funds

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise a substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal controls. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning: management override of controls and improper revenue recognition.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of South Whitehall Township's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

We will also prepare the financial statements of South Whitehall Township in conformity with accounting principles generally accepted in the United States of America, the DCED report, and the annual audit notice based on information provided by you. We will also assist with tracking depreciation schedules/fixed asset listings, certain cash to accrual entries including GASB 34 conversion entries and GASB 67/68, GASB 75, and GASB 87 adjustments, assist with account reconciliations, and propose adjusting journal entries for misstatements as a result of audit procedures.

We will perform the services in accordance with applicable professional standards. The other services are limited to the services previously defined unless agreed to by you. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we may communicate with you regarding the scope of the additional services and estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Herbein + Company, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Department of Community and Economic Development or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Herbein + Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Department of Community and Economic Development or its designee. The Department of Community and Economic Development or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Christopher M. Turtell, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) and will not exceed \$27,500 for the year ended December 31, 2022. These fees do not include the analysis and reporting of the pension and other postemployment benefit obligations. The assistance with pension and other postemployment benefit obligations fee will be \$5,500. These fees also do not cover analysis or recording of debt refundings, depreciation and capital asset updates, or implementation of GASB Statement No. 87, leases. In addition, should you elect to utilize the Lease Crunch software tool to assist you in compliance of the lease standard, there will be annual charge of \$145 per lease. Due to the uncertainty of the level and compliance requirements of federal awards related to COVID-19, any additional costs for compliance audits required for this funding will be discussed prior to work commencing (if necessary). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit including the following: the information you agreed to provide is on time and complete, including all necessary account reconciliations and closing journal entries recorded; your key management and technology do not change during the service period; there are no new tax, regulatory or other agency reporting requirements introduced between now and the end of our service period; and there are no undisclosed significant transactions or newly arising complexities impacting the service period. If any of the unexpected circumstances or any other issues arise, we will keep you informed, and our fees will be adjusted accordingly. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur additional costs.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions, including password protecting tax returns and other confidential documents. However, as emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

Reporting

We will issue a written report upon completion of our audit of South Whitehall Township's financial statements. Our report will be addressed to the Board of Commissioners of South Whitehall Township. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Record Retention

Record Retention and Ownership

We will return any original records and documents you provide to us by the conclusion of the engagement. Our copies of your records and documents are for our documentation purposes only and are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, and other deliverables provided to you by us. If we provide deliverables or other records to you via an information portal, you must download this information within 30 days. Professional standards restrict us from being the sole repository of your original data, records, or information.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. A copy of our record retention policy is available upon request.

Our firm destroys workpaper files after a period of seven (7) years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

Working Paper Access Requests

Requests to examine our workpapers may arise with respect to peer review, an ethics investigation, the sale of your organization, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

By your signature below, you acknowledge and agree that upon the expiration of the seven (7) year period, Herbein + Company, Inc. shall be free to destroy our records related to this engagement.

Acceptance

We appreciate the opportunity to be of service to South Whitehall Township and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign and return it to us.

Very truly yours,

Herbein + Company, Inc.

Herbein + Company, Inc.

RESPONSE:

This letter correctly sets forth the understanding of South Whitehall Township.

By: _____

Title: _____

November 28, 2022

Members of the Board and Management
South Whitehall Township Authority
4444 Walbert Avenue
Allentown, PA 18104

We are pleased to confirm our understanding of the services we are to provide South Whitehall Township Authority for the year ended December 31, 2022.

Audit Scope and Objectives

We will audit the financial statements of the business-type activities, and each major fund, and the disclosures, which collectively comprise the basic financial statements of South Whitehall Township Authority as of and for the year ended December 31, 2022.

We have also been engaged to report on supplementary information other than Required Supplementary Information (RSI) that accompanies South Whitehall Township Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS) and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedules of Operating Expenses

We will prepare the following additional information:

- 2) Annual Financial Report
- 3) Annual Audit Notice

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (GAAP); and report on the fairness of supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism through the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise a substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning: management override of controls and improper revenue recognition.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of South Whitehall Township Authority's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Other Services

We will also prepare the financial statements of South Whitehall Township Authority in conformity with U.S. generally accepted accounting principles, the annual DCED report, and the annual audit notice based on information provided by you. We will assist in account reconciliations, maintaining fixed assets and the calculation of annual depreciation and proposing adjusting journal entries, and certain cash to accrual entries.

We will perform the services in accordance with applicable professional standards. The other services are limited to the services previously defined unless agreed to by you. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we may communicate with you regarding the scope of the additional services and estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Herbein + Company, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Department of Community and Economic Development or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Herbein + Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Department of Community and Economic Development or its designee. The Department of Community and Economic Development or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Christopher M. Turtell, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$17,600 for the year ended December 31, 2022. These fees also do not cover analysis or recording of debt refundings, depreciation and capital asset updates, or implementation of GASB Statement No. 87, leases. In addition, should you elect to utilize the Lease Crunch software tool to assist you in compliance of the lease standard, there will be annual charge of \$145 per lease. Due to the uncertainty of the level and compliance requirements of federal awards related to COVID-19, any additional costs for compliance audits required for this funding will be discussed prior to work commencing (if necessary). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit including the following: the information you agreed to provide is on time and complete, including all necessary account reconciliations and closing journal entries recorded; your key management and technology do not change during the service period; there are no new tax, regulatory or other agency reporting requirements introduced between now and the end of our service period; and there are no undisclosed significant transactions or newly arising complexities impacting the service period. If any of the unexpected circumstances or any other issues arise, we will keep you informed, and our fees will be adjusted accordingly. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur additional costs.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

In connection with this engagement, we may communicate with you or others via email transmission. We take reasonable measures to secure your confidential information in our email transmissions, including password protecting tax returns and other confidential documents. However, as emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure or communication of email transmissions, or for the unauthorized use or failed delivery of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of sales or anticipated profits, or disclosure or communication of confidential or proprietary information.

Reporting

We will issue a written report upon completion of our audit of South Whitehall Township Authority's financial statements. Our report will be addressed to the Members of the Board of South Whitehall Township Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

Record Retention

Record Retention and Ownership

We will return any original records and documents you provide to us by the conclusion of the engagement. Our copies of your records and documents are for our documentation purposes only and are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations. You are responsible for maintaining complete and accurate books and records, which may include financial statements, schedules, and other deliverables provided to you by us. If we provide deliverables or other records to you via an information portal, you must download this information within 30 days. Professional standards restrict us from being the sole repository of your original data, records, or information.

Workpapers and other documents created by us are our property and will remain in our control. Copies are not to be distributed without your written request and our prior written consent. Our workpapers will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. A copy of our record retention policy is available upon request.

Our firm destroys workpaper files after a period of seven (7) years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

Working Paper Access Requests

Requests to examine our workpapers may arise with respect to peer review, an ethics investigation, the sale of your organization, or the sale of our accounting practice. If requested, access to such workpapers will be provided under the supervision of firm personnel.

If we receive a request for copies of selected workpapers, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such request as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to limit the disclosure of information. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying requested information, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests.

By your signature below, you acknowledge and agree that upon the expiration of the seven (7) year period, Herbein + Company, Inc. shall be free to destroy our records related to this engagement.

Acceptance

We appreciate the opportunity to be of service to South Whitehall Township Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign and return it to us.

Very truly yours,

Herbein + Company, Inc.

Herbein + Company, Inc.

RESPONSE:

This letter correctly sets forth the understanding of South Whitehall Township Authority.

By: _____

Title: _____