

Intergovernmental Cooperation Authority for Harrisburg

Minutes of the Governing ICA Board

Regular Meeting

November 15, 2023

Temple University Harrisburg, Strawberry Square, Harrisburg PA

hbgica.org

Members in Attendance	Ms. Elaine Barber Ms. Audry Carter Mr. H. Ralph Vartan Mr. Doug Hill Ms. Kathy Speaker MacNett	A Quorum Was Recognized
Ex-Officio Members in Attendance	Mr. Michael Wood, Office of the Budget	
In Attendance	Mr. Michael Cassidy Independent Counsel Mr. Jeffrey Stonehill Authority Manager	
Meeting Begins		4:01 p.m.
Welcome by Audry Carter, Chair	Ms. Carter opened the meeting acknowledged Mr. Vartan..	
Comments by H. Ralph Vartan, Vice-Chair	Mr. Vartan began his remarks by thanking the ICA Board. He added, "I submitted my notice of resignation to my appointing body, Representative Cutler, and, as I told to him, I'll stay through the end of the year or until they name replacement. I have a growing family and don't want to deprive my family nor the ICA of the time by being divided a little too much. And aside from that, it's been a pleasure for, what will be five-years now by the end of the year for me since my original appointment. It's been an honor to serve alongside many of you, for some of you for all of that time, and some of you for part of that time." Chair Carter said she will be ever-grateful for his support and assistance, for Mr. Vartan's sane-counsel, his deft turn-of- phrase, and his calm personality.	

<p>Approval of the Minutes</p>	<p>Ms. Carter noted that we do not have minutes to approve. The Board discussed the ICA A.I. minutes writing software.</p>	
<p>Discussion of the City's Financial Status</p>	<p>Ms. Carter noted that following the previous meeting, correspondence was transmitted to the Mayor regarding the Five-Year Financial Plan.</p> <p>Ms. Carter recapped the components of the correspondence.</p> <p>She also emphasized her concerns about the revenue projections and the General Fund's fund balance. Ms. Carter added that in a recent discussion with the Mayor, she offered that the ICA might be willing to pay the membership dues for the City to enroll in the P.A. Downtown Center of which it still not a member. f It is a premier state-wide organization to help build economic development plans.</p> <p>Ms. Carter introduced Bryan McCutcheon, Accounting Manager for the City of Harrisburg. He distributed a handout to the ICA Board.</p> <p>Mr. McCutcheon discussed the current trend of revenue in the General Fund. He noted the seasonal variation of revenue. He estimated how the year might end. Finally, he discussed the impact of the revenue on a potential end-of-year General Fund's fund balance.</p> <p>Mr. Stonehill mentioned the impact of medical claims on the City's budget.</p> <p>Mr. McCutcheon discussed the significant increase the City is receiving in the cost of property insurance as a result of two significant claims in 2023; the Broad Street Market and the flood at the Government Center.</p>	

	<p>Mr. Stonehill suggested an alternate carrier through the Pennsylvania Municipal League insurance trust.</p> <p>Mr. McCutcheon reviewed the financial position of the Neighborhood Services Fund.</p> <p>Ms. Carter asked about the Controller’s Office financial reports.</p> <p>Mr. McCutcheon emphasized that for the year 2023, both revenues and expenditures are at reasonable levels through October. Finally, Mr. McCutcheon pointed out that “real” annual revenue collected is about \$70 million and that should also guide the proposed expenditures pr for the upcoming 2024 budget.</p> <p>Ms. Carter asked about spending related to the American Rescue Plan Act federal funding.</p> <p>Mr. Stonehill asked about the status of the City’s audits.</p> <p>Ms. MacNett asked about the status of the revenues from the parking scheme.</p> <p>Ms. Carter said the ICA Board would be attending upcoming 2024 budget workshops.</p>	
<p>Authority Manager’s Report</p>	<p>Mr. Stonehill provided the financial report for November 2023.</p> <p>Mr. Stonehill noted that he has begun the preparation of the Section 207 Annual Report for ICA activities. He added it will be presented at the December meeting. Further, the ICA annual financial audit is a part of that report, which is being conducted by Zelenkofske and Axelrod.</p> <p>Ms. Carter asked about a statement in the management letter which Mr.</p>	<p>Motion to approve execution of the audit management letter and agree to pay the fee for the 2022-2023 financial review of the ICA made by Ms. MacNett, with a second by Mr. Vartan. Approved 5-0.</p>

	Stonehill explained he would follow up on.	
Other Business	<p>Ms. Carter asked the ICA Board to consider how often and at what time they would like to meet in 2024. There was a discussion. Following which, the ICA Board decided to move the start time of meetings from 4:00 p.m. to 3:00 p.m., beginning with the December meeting, subject to approval by Temple University Harrisburg, who is the host. Further, they recommended a more limited meeting schedule as:</p> <ul style="list-style-type: none"> • January 24, 2024 • April 24, 2024 • August 28, 2024 • September 25, 2024 • December 18, 2024 <p>There was a discussion of who might be invited to future meetings.</p> <p>Mr. McCutcheon mentioned that the City successfully completed their pension audits.</p>	
Public Comments	There were none.	
Adjourn meeting at 5:00 p.m.	Motion by Mr. Vartan. A second was not required.	Approved 5-0.

Respectfully submitted:



Jeffrey M. Stonehill, Authority Manager

Appendix Documents

Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – November 15, 2023

Starting balance:	\$113,171.68	
• Digital Ocean	\$12.72	November 1, 2023
<i>Website software licenses</i>		
• Digital Ocean	\$6.87	November 1, 2023
<i>Web Host</i>		
• Pursuit Co-Working Harrisburg	\$95.00	November 1, 2023
<i>Virtual Office Monthly Subscription</i>		
• PA Media Group	\$146.08	November 8, 2023
<i>Legal Advertisement</i>		
• Factory 44	\$159.00	November 13, 2023
<i>Software Updates</i>		
Johnson Duffie LLC	\$665.00	November 15, 2023
<i>General Counsel</i>		
• MESH PA LLC	\$4,200.00	November 15, 2023
<i>Authority Manager</i>		
Ending balance:	\$107,887.01	
• Interest earnings Y-T-D	\$24.50	
• Fees Y-T-D	\$0	

2024 BOARD SCHEDULE – PREFERRED

3pm

✓ Wednesday	1/24	Harrisburg ICA	4 pm
Tuesday	2/6-2/9	Jeffrey unavailable professional development in Bedford, PA	
Monday	2/26-2/28	Jeffrey unavailable professional development in Washington, DC	
Wednesday	2/28	Harrisburg ICA	4 pm
Wednesday	3/27	Harrisburg ICA	4 pm
✓ Wednesday	4/24	Harrisburg ICA	4 pm
Friday	5/17-5/22	Jeffrey unavailable professional development in Bethlehem, PA	
Wednesday	5/29	Harrisburg ICA	4 pm
Friday	6/7-6/12	Jeffrey unavailable professional development in San Diego, CA	
Wednesday	6/26	Harrisburg ICA	4 pm
Wednesday	7/24	Harrisburg ICA	4 pm
Saturday	7/27-7/31	Jeffrey unavailable professional development in Travers City, MI	
✓ Wednesday	8/28	Harrisburg ICA	4 pm
Wednesday	9/3-9/6	Jeffrey unavailable professional development in Bedford, PA	
✓ Wednesday	9/18*	Harrisburg ICA	4 pm
Friday	9/20-9/26	Jeffrey unavailable professional development in Pittsburgh, PA	
Wednesday	10/30	Harrisburg ICA	4 pm
Wednesday	11/20*	Harrisburg ICA	4 pm
✓ Wednesday	12/18*	Harrisburg ICA	4 pm
Friday	12/20-1/3/24	Jeffrey unavailable on vacation	

* - Third Wednesday of the month. All others on Fourth Wednesday.

CITY OF HARRISBURG
GENERAL FUND SUMMARY - REVENUE, EXPENDITURES, AND CHANGE IN CASH FUND BALANCE
For the Month ended October 31, 2023

<u>DESCRIPTION</u>	<u>QTD Three Months ended thru 03/31/23</u>	<u>QTD Three Months ended thru 06/30/23</u>	<u>QTD Three Months ended thru 09/30/23</u>	<u>Month ended 10/31/23</u>	<u>YTD Ten Months ended thru 10/31/23</u>
Beginning cash basis fund balance	23,145,504	23,851,252	22,918,755	24,125,106	23,145,504
<u>Revenue</u>					
Total revenue	24,498,647	14,076,700	21,615,700	1,836,861	62,027,908
<u>Expenditures</u>					
General Government	558,975	509,493	653,705	184,028	1,906,201
Administration	14,082,951	6,466,951	6,285,563	2,047,811	28,883,276
Building and Housing	329,481	283,634	343,268	92,348	1,048,731
Public Safety	6,991,161	6,019,222	10,723,146	1,931,925	25,665,454
Public Works	1,341,221	969,929	1,317,500	274,788	3,903,438
Parks and Recreation	489,110	759,968	1,086,167	222,259	2,557,504
Total expenditures	23,792,899	15,009,197	20,409,349	4,753,159	63,964,604
Net Revenue Over (Under) Expenditures	705,748	(932,497)	1,206,351	(2,916,298)	(1,936,696)
Ending cash basis fund balance	23,851,252	22,918,755	24,125,106	21,208,808	21,208,808

CITY OF HARRISBURG
GENERAL FUND SUMMARY - CASH TO CASH COMPARISON
For the Month ended October 31, 2023

<u>DESCRIPTION</u>	<u>As of 10/31/2022</u>	<u>As of 10/31/2023</u>
Cash position at the end of October	34,798,300	21,208,808
large partial payment to Ambac - December 2022	(12,000,000)	
2023 increase in medical claim expenditures thru October		542,000
2023 expenditures - incinerator subpoena/litigation matter		793,000
Adjusted comparative cash balances	<u>22,798,300</u>	<u>22,543,808</u>

CITY OF HARRISBURG

NEIGHBORHOOD SERVICES FUND SUMMARY - REVENUE, EXPENDITURES, AND CHANGE IN CASH FUND BALANCE

For the Ten Months ended October 31, 2023

<u>DESCRIPTION</u>	Neighborhood Services Fund, main (NSF)	NSF portion for Intergov't Municipalities	NSF - Total Specific Fund	Sanitation Fund (old) for Liens Revenue	Disposal Fund (old) for Liens Revenue	Combined Reporting for NSF
Beginning cash basis fund balance @ 12/31/2022	6,088,532	586,297	6,674,829	69,883	210,724	6,955,436
<u>Revenue</u>						
Total revenue	13,282,694	1,186,924	14,469,618	53,488	-	14,523,106
<u>Expenditures</u>						
Total expenditures - Public Works, with Parks Maintenance	13,225,950	647,233	13,873,183	-	-	13,873,183
Net Revenue Over (Under) Expenditures	56,744	539,691	596,435	53,488	-	649,923
Ending cash basis fund balance @ 10/31/2023	6,145,276	1,125,988	7,271,264	123,371	210,724	7,605,359



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November 1, 2023

Jeffrey Stonehill
Intergovernmental Cooperation Authority of Harrisburg

Dear Mr. Stonehill:

The following represents our understanding of the services we will provide Intergovernmental Cooperation Authority of Harrisburg (“Authority”).

You have requested that we audit the cash basis financial statements of the governmental activities as of June 30, 2023, and for the year then ended, which collectively comprise the Authority’s basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. 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 auditing standards generally accepted in the United States of America (U.S. 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 made by a reasonable user based on the financial statements.

Auditor Responsibilities

We will conduct our audit in accordance with U.S. GAAS. As part of an audit in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for a reasonable period of time.

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109
3800 McKnight East Drive, Suite 3805, Pittsburgh, PA 15237
34745 Burbage Road, Frankford, DE 19945

2370 York Road, Suite A-5, Jamison, PA 18929
420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401
210 Tollgate Hill Road, Greensburg, PA 15601



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Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of 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.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the cash basis financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- c. To provide us with:
 1. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 2. Additional information that we may request from management for the purpose of the audit; and
 3. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing the basic financial statements that indicates that such basic financial statements have been audited by us;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic 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 current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For acceptance of nonattest services, including identifying the proper party to oversee the nonattest work.
- h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.
- i. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials; and
- j. For the accuracy and completeness of all information provided.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

Nonattest Services

With respect to any nonattest services we perform, preparation of the financial statements in conformity with the cash basis of accounting, and the compilation of the concise statement. We will not assume management responsibilities on behalf of the Authority. However, we will provide advice and recommendations to assist management of the Authority in performing its responsibilities.



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The Authority's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities.

Reporting

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the governing body of the 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 an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic 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 to issue a report as a result of this engagement.

Engagement Administration, Fee, and Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

We expect to begin the audit on approximately November 1, 2023 and to issue our reports no later than November 30, 2023. Kimberly Stank is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another qualified firm representative to sign them.

During the course of the engagement, we may communicate with you or your personnel via fax, e-mail, and portals, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records to make your books and records complete.

We will provide you a list of required schedules and analyses to be prepared by your personnel before the audit begins. Timely completion of our audit is dependent on cooperation in preparing schedules and analyses timely and accurately. If there are delays in preparing the material or if schedules must be continually revised, costs will increase. We will advise you of difficulties or delays in completing the engagement.



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You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

The audit documentation for this engagement is the property of Zelenkofske Axlerod LLC 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 a Cognizant or Oversight Agency for Audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Zelenkofske Axlerod LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. We have obtained confidentiality agreements with all of our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management

We will provide copies of our reports to the Authority's management; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

It is management's responsibility to submit, in the required time period, the information for all outstanding municipal securities in accordance with each of the respective securities requirements, Securities and Exchange Commission and Municipal Securities Rulemaking Board requirements, and any other applicable requirements. You agree that the expected report issuance date above will be sufficient to fulfill management's responsibility related to the above requirements. The expected report issuance date is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.



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Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

Our fees for these services will be \$1,650 for the annual audit. If we elect to terminate our services for nonpayment, 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. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary such as implementing new auditing pronouncement or auditing additional federal or state programs, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We normally bill at least monthly while work progresses. All invoices are due and payable upon presentation. For invoices due over 30 days, a finance charge is assessed on unpaid balances at the rate of one and one-half percent (1.5%) per month (eighteen percent (18%) per annum). We reserve the right to halt work if balances remain unpaid after ninety (90) or more days, and not to resume work until all overdue amounts are paid in full. Any balances remaining unpaid after ninety (90) or more days may, at our option, be formalized by the execution of a promissory note. You agree that you shall be liable for all reasonable costs we incur in collection including, but not limited to, reasonable attorney fees.

In the event any dispute arises relating in any way to this engagement, the parties agree to first attempt to resolve such dispute through the non-binding mediation process in the manner set forth herein, with costs to be divided equally between the parties. The mediation shall take place in Philadelphia County or in Dauphin County, Pennsylvania. To effect mediation, the party desiring mediation shall give the other party 10 days' advance written notice of its desire to mediate. The other party shall respond within said 10-day period that it accepts or rejects the mediation process. If (a) the other party rejects the mediation process, (b) does not respond to the mediation notice or (c) the mediation is not successful, then, in any legal proceeding relating in any way to this agreement, all parties hereto hereby irrevocably consent to the jurisdiction and venue of either the United States District Court for the Middle District of Pennsylvania (if there is federal jurisdiction) or the Court of Common Pleas of Dauphin County, Pennsylvania (if there is no federal jurisdiction) and each party hereto further agrees not to raise any objection to such jurisdiction or to the laying of venue of any such proceeding in such county. Each party agrees that service of process in any such proceeding may be duly effected upon it by mailing a copy thereof, to the address given above. Our Firm's policy requires that payment arrangements must be made for all outstanding invoices prior to release of our work product.

You agree that our liability hereunder for damages will be limited to gross negligence, fraud, or willful misconduct and shall not exceed the total amount paid for these services described herein. These shall be your exclusive remedies.

You further agree that we will not be liable for any lost profits, or for any claim or demand against you by any other party. In no event will we be liable for incidental or consequential damages even if we have been advised of the possibility of such damages. Because of the importance of management's representations to the effective performance of our services, you will release Zelenkofske Axlerod LLC and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter attributable to any misrepresentations in the representation letter referred to above.

No action, regardless of form, arising out of the services under this agreement may be brought by either party more than three years after the date of the last services provided under this agreement.

It is understood that Zelenkofske Axlerod LLC has spent many years developing its people and intellectual assets, including but not limited to computer software programs and business practices and procedures. Accordingly, you agree that any means of presentation of financial data which represent our internal or external work product or any other of our intellectual assets shall, at all times, remain the property of Zelenkofske Axlerod LLC and shall not be disseminated or shared with any entity not a party thereto without our prior written consent. Additionally, you and your affiliates or related entities agree not to employ any current or former employees of Zelenkofske Axlerod LLC, during the term of this engagement or for a period of three years thereafter without our prior written consent.



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Our Firm is a member of the AICPA. We are required to periodically undergo Peer Review to assure high professional standards. In a Peer Review, a team of outside CPAs randomly selects and reviews financial statements, our report, and supporting workpapers. The Peer Review team is obligated to keep the information that it reviews confidential. If this engagement is selected you authorize our Firm to permit peer reviewers to review the workpapers.

We have attached a copy of our latest external peer review report of our firm for your consideration and files.

Our Firm policy states that work may not begin on an engagement prior to our receipt of a signed engagement letter. However, should you request that we begin work on this engagement prior to our receipt of a signed copy of this engagement letter and we do so as courtesy to you, your receipt of our correspondence, attendance at meetings with us or similar activities shall constitute acceptance of this engagement letter and agreement to all of the terms contained in it.

This letter comprises the complete and exclusive statement of the agreement between the parties, superseding all proposals oral or written and all other communications between the parties. If any provisions of this letter are determined to be unenforceable, all other provisions shall remain in force.

We appreciate the opportunity to be of service to the 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 the enclosed copy and return it to us.

Respectfully,

Zelenkofske Axlerod LLC

Zelenkofske Axlerod LLC

RESPONSE:

This letter correctly sets forth our understanding with the Intergovernmental Cooperation Authority of Harrisburg.

Acknowledged and agreed on behalf of the Intergovernmental Cooperation Authority of Harrisburg by:

Name: _____

Title: _____

Name: _____

Title: _____

Name: _____

Title: _____



Jones, Nale & Mattingly PLC

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Members of
Zelenkofske Axelrod LLC
and the Peer Review Committee of the Pennsylvania Institute of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Zelenkofske Axelrod LLC (the firm) in effect for the year ended June 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Zelenkofske Axelrod LLC in effect for the year ended June 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Zelenkofske Axelrod LLC has received a peer review rating of *pass*.

Jones, Nale & Mattingly PLC

Louisville, Kentucky
March 21, 2023

**INTERGOVERNMENTAL COOPERATION AUTHORITY
FOR HARRISBURG, PENNSYLVANIA**

FINANCIAL STATEMENT

FOR THE YEAR ENDED JUNE 30, 2023

Draft

INTERGOVERNMENTAL COOPERATION AUTHORITY
FOR HARRISBURG, PENNSYLVANIA
FOR THE YEAR ENDED JUNE 30, 2023

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Draft

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Intergovernmental Cooperation Authority for Harrisburg, Pennsylvania
Harrisburg, Pennsylvania

Report on the Financial Statement

Qualified Opinion on the Financial Statement

We have audited the accompanying Statement of Cash Receipts, Cash Disbursements, and Cash Balances (the "financial statement") of the Intergovernmental Cooperation Authority for Harrisburg, Pennsylvania (the "Authority"), as of and for the year ended June 30, 2023.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph on the Omission of the Notes to the Financial Statement, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Authority, as of June 30, 2023, and the respective changes in the cash balances for the year ended June 30, 2023 in accordance with the cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion on the Omission of the Notes to the Financial Statement

Management has not included notes to the financial statement. The Cash Basis of Accounting requires that notes to the financial statement be included. This departure does not impact the Statement of Cash Receipts, Cash Disbursements, and Cash Balances.

Emphasis of Matter - Basis of Accounting

The Authority's financial statement has been prepared on the cash basis of accounting. This basis recognizes receipts and disbursements when they result from cash transactions. The cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in the Basis of Accounting paragraph above; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the

design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INTERGOVERNMENTAL COOPERATION AUTHORITY FOR HARRISBURG, PENNSYLVANIA PAGE 3
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Cash Receipts:

Intergovernmental	\$ 100,000
Interest Income	<u>32</u>
Total Cash Receipts	<u>100,032</u>

Cash Disbursements:

Authority Manager Services	54,600
Legal Advertisement	1,701
Legal Services	15,277
Insurance	6,742
Audit	1,600
Remote Office Location	1,140
Web Services	<u>1,063</u>
Total Cash Disbursements	<u>82,123</u>

Excess of Cash Receipts over Cash Disbursements 17,909

Cash - Beginning of Year 116,999

Cash - End of Year \$ 134,908