

*Intergovernmental Cooperation Authority for Harrisburg*  
*Minutes of the Governing Board Meeting*  
*December 16, 2020*  
*Via Teleconference on the Zoom Meeting Platform*  
**hbgica.org**

<b>Members Present</b>	Ms. Audry Carter, Mr. Douglas Hill, Ms. Kathy Speaker MacNett, and Mr. H. Ralph Vartan	
<b>Ex-Officio Members Present</b>	Mr. Mark Ryan, Office of the Secretary	
<b>Staff Present</b>	Mr. Jeffrey Stonehill, Authority Manager	
<b>Call to Order</b>	Mr. Stonehill reminded the participants that the meeting was being recorded and a copy of the meeting will be available on the Authority's YouTube.com page after the meeting concluded. Ms. Carter called the meeting to order at 4:01 p.m. All Board members were present.	
<b>Approval of November 18, 2020 Minutes</b>	Ms. Carter presented the minutes, which had been reviewed by her and Ms. MacNett; on a motion to approve by Ms. MacNett, seconded by Mr. Hill.	Minutes; approved 4-0
<b>Approval of December 2, 2020 Minutes</b>	The December 2, 2020 meeting was a special meeting to permit the Mayor to present the Five-Year Financial Plan and the 2021 budget to the Authority. Unfortunately, the Mayor, Mr. Woolley, and Mr. Dan Connelly, did not attend the meeting. Ms. Carter presented the minutes, which had been reviewed by her and Ms. MacNett; on a motion to approve by Mr. Hill, seconded by Ms. MacNett.	Minutes; approved 4-0
<b>Review of Bills Paid</b>	Mr. Stonehill reviewed the bills paid report since the last regular meeting of the Authority. Mr. Stonehill stated that the report of December 16, 2020 and showed that the Authority has a fund balance of \$94,513.69.	
<b>Report of the Chairperson</b>	Ms. Carter said she would make a few comments.  On December 3rd, the Authority received correspondence from Neil Grover indicating that he, as the City ex-officio representative to our Board had re-assigned his responsibilities to the Office of the Mayor. The Act specifically states that the Director of Finance may designate in writing a representative of their office to attend meetings on their behalf. Thus, the Office of the Mayor would not be a consistent with the Director of Finance, an individual, designation in the Act. The Authority therefore confirmed in writing that it would continue	

to recognize Mr. Grover as the legitimate designee of the previous Director of Finance. Until such time as a new Director of Finance is appointed by the Mayor and confirmed by City Council, Mr. Grover will remain the ICA Board representative. This was communicated to Mr. Grover and Mayor Papenfuse.

Ms. Carter went on to congratulate Harrisburg City Council for passing the FY2021 budget earlier this week. It was a marathon set of meetings according to Council Finance Chair Ben Allatt.

Primary to their approval was direction by Council that the City should defer as many expenditures as possible into the second fiscal quarter of 2021 as only then might it be possible to see more clearly the lingering impacts on the City's finances by the pandemic.

Ms. Carter added that this is also the Authority's first meeting since the General Assembly approved the extension of the extraordinary taxing authority for the City of Harrisburg. This extension plays an important role in the fiscal recovery of the City. The Authority Board remains committed to its mission under the Act, to assist the City in strengthening its finances, to pursuing operational excellence, and promoting economic development. As part of the mandate of the act, the Board is required to review and approve annual updates to the Mayor's Five-Year Financial Plan. The City submitted an initial plan earlier last year. Several extensions were approved this year for the submission of the first revision because originally the deadline would have failed at the end of 2019. Realizing that was likely not the most appropriate time to get everything done the parties agreed to move the deadline to June 30 of each year. The goal would be that a draft would be submitted each year on April 30 so that the Board could truly work together with the City to get the annual update into its final form by June 30. This year, as a result of the pandemic, the Mayor requested, and the Board granted, an extension in 2020 to October 31. A draft was submitted on October 30, 2020. After an

	<p>additional request by the City for an extension, the final deadline was set for December 14, 2020.</p> <p>As previously mentioned, Ms. Carter added that Board met in public session on December 2, 2020, to discuss the draft document. The Board did submit comments on the October 30 draft, with a specific request for collaboration by the City for the final document.</p> <p>On December 14, 2020, the Board received a response, and Ms. Carter thanked the Mayor for the revisions, the many attachments, and the certification, which was missing in the early draft.</p>	
<p><b>Discussion regarding the Mayor's Five-Year Financial Plan</b></p>	<p>Mr. Stonehill reminded the Board of the process for the evaluation of the Mayor's Five-Year Financial Plan update. He reminded the Authority and those present of the basic format that the Act lays out. He added that it's important to keep in mind procedurally what the Act 124 of 2018 lays out.</p> <p>Mr. Stonehill went on to confirm the final plan was submitted to the Authority on December 14, which started a clock, according to Act 124, wherein the Board of the Authority must respond or not respond, one way or the other, to the submission that they received within 30 days.</p> <p>Ms. Carter pointed out that, in reality, there had been more than just two days to review the documents. For example, there was a special public meeting on December 2<sup>nd</sup> where the draft was discussed at length.</p> <p>Ms. Carter opened the floor to the Board and members provided feedback.</p> <p>PROCESSES: The City had previously stated, "Streamlined processes were a priority during the COVID pandemic for supporting local businesses." What processes were streamlined?</p> <p>PARKING: The City is projecting parking garage ground lease payments returning to 50% in 2022. Does that projection take into account the extreme shortfall in the formula for the waterfall payments?</p>	

**PARKS:** The City is proposing to redirect “park payments”, which are believed to be \$400,000, to the General Fund. Is this revenue guaranteed or non-guaranteed revenue?

**TAXING AUTHORITY:** Appropriate changes to the Plan were made relative to the newly adopted State law making the extraordinary taxes permanent. On the EIT side, and longer term on the LST side, the Plan might benefit from some additional clarity on these changes. The LST happens to run parallel to the efforts to buy down the debt service. Therefore, any fiscal cliff is not as important as it may have been in our prior discussions. That is something that ought to be reflected in the Plan.

**FINANCIAL PLANNING** Going back through the language of Act 124 of 2018, noting that the Act charged the ICA with the responsibility of looking at “staffing levels”, looking at “increased managerial accountability”, and reviewing “the outstanding debt.”

In the array of correspondence included with the Plan, there was a mention of the steps being taken to develop “controls documents, “working from agency-to-agency. In addition, there is mention of working with the auditors. Could that process be reflected in the Plan directly? For example, are these normal year-end meetings with the auditors, or trying to develop new policies and procedures?

The impact of the pandemic is something that is remarkably difficult to gauge. The Board noted that in the Plan, with the most critical funds, the parking in particular, and to a lesser extent the earned income tax yield, the Plan did not pretend to indicate any recovery in 2021. Earliest recovery might come in 2022. Questions that remain to be clarified: What is the durability of Telework and how will that affect the workforce base? How would that impact office space, real estate values, and local businesses? How does it affect the long-term projections of the LST? No one can begin to guess the social dynamics of what is going to

happen over the next few years. What remains is that the numbers that are presented, well calculated on the surface, are they defensible in the basic based on lack of any other knowledge?

**FEDERAL GRANTS:** The reference to the Federal grants' administration and increased activity in the Plan seems too modest.

**AUDIT DEFICIENCIES:** Many audit deficiencies from prior years may still be ongoing. All finances of the City must be done in accord with rules established by the Government Accounting Standards Board (GASB). Are there efforts in place to cure these prior year deficiencies especially in light of the City's imminent attempt to enter the credit markets?

**TECHNOLOGY:** The question of citywide technology projects is really important. In a recent budget hearing, the City noted that it is replacing all the modules of the financial management software over the course of several years, beginning with the Treasurer's needs. How will this be coordinated to assure streamlined conversion?

**COMMUNITY AND ECONOMIC DEVELOPMENT.** An economic development plan is included. The references made to a strategic plan that is "in the works" is something that the Authority would appreciate. The Authority has asked for more strategic planning and more planning associated with economic development. Specifically, something that is more considered and less serendipitous.

**CLARIFICATIONS/CORRECTIONS NEEDED:**

- On page 5, it states that overall revenues increased 19% from 2016 to 2019. The numbers presented on that table increased 4.7%. Does that need a correction?
- On page 9, what is the cost of overhead for the Neighborhood Services Fund that the General Fund has been bearing? Is it \$300,000, which is proposed in the future; or, is it \$700,000, which is the number in the past?

- Please incorporate all information answered by Marc Woolley somehow into plan itself. In a response letter included with the Plan, there were a list of initiatives. It is a good list and can be incorporated into the Plan document itself (i.e. procurement, information technology, improving collection rates in the City, etc.).
- On page 11, it states that Steelton pays Harrisburg a flat fee for trash collection. That appears to be inaccurate since Harrisburg sends individual bills to customers.
- On page 18, under the annual debt service summary, there appears to be a discrepancy. The 2020 total of \$10.7 million does not match the total on page 13, which is \$10.2 million. The annual debt service increased by \$2,000,000 for the same series 97 D and F Bonds. What is the explanation?
- On page 22, there is an annual debt service comparison, and it does not seem to match the narrative. The narrative references \$2,000,000 payments in 2021 and 2022. The payment is showing in 2021, but it is not shown in the following year 2022.
- The capital project funds in appendix B does not match up with the budget sections for capital improvement projects that were inserted in the prior sections. Those two series of projects should match.

Ms. MacNett said that the numbers are overly ambitious given COVID and the Neighborhood Services Fund is clearly out of balance.

Ms. Carter concluded that she agrees with everything that has been said. She added that the Board has talked a little bit about all the initiatives that have been brought forth by the City and noted that there was an unfortunate lack of planning and specific benchmarks included; specifically those deficiencies are found in the new CSA program, the Paxtang and the Penbrook intermunicipal trash program details, etc. Therefore, Ms. Carter concluded that one cannot evaluate all these programs as the Authority would like to.

Ms. Carter concluded by adding that the Board has the City's submission, they have discussed it, and

	<p>she was sure there are other things that can be added, if needed, in in a comment letter. She stated that the Board has the ability to take action on the plan today and she opened that up as an option.</p> <p>Mr. Stonehill added that not more than 30 days after submission of the financial plan and a proposed operating budget the Authority shall determine whether the financial plan projects balance budgets based upon prudent, reasonable, and appropriate assumptions as described in this Act.</p> <p>He added that the Board has 30 days from December 14<sup>th</sup> to submit a determination to the City of Harrisburg. Any rejection of the proposed plan would begin a 15-day period where the Mayor shall submit a revision to meet the deficiencies outlined by the Authority.</p>	
<p><b>Acceptance of 2020 Final Mayor's Five-Year Financial Plan</b></p>	<p>Ms. Carter stated that the Board has options, which is to act or not act. What may the Board learn between now and the future date? What may be accomplished if the Board acts sooner rather than later? Ms. Carter stated that because of the pandemic, which has turned everything upside down including timetables. For example, right now before City is the approval of its audit for 2019, the closing of the books on 2020, to start its audit on that year.</p> <p>Mr. Stonehill reminded the Board that because this 2020 update was so-delayed due to the pandemic, the next update, the 2021 update, is due to be submitted in draft form to the Authority on April 30, 2021, as agreed upon by the parties.</p> <p>Mr. Vartan stated that the Board can look at this as a benchmark hopefully to establish a rhythm with the City in terms of working together on the formulation of the periodic submissions, reviewing them appropriately, and getting them officially approved so the City can keep looking forward in in terms of financial management.</p> <p>Mr. Vartan added he would like to make a motion to disapprove the plan for specific reasons: the first</p>	<p>Motion to disapprove the Mayor's Five-Year Financial Plan, as submitted, to include the reasons detailed herein; Approved 4-0</p>

one, it is deficient in meeting the standard of Act 124 for projecting a balanced budget for all its major funds; the Neighborhood Services Fund is a major fund, and the plan demonstrates a structural deficit every year for the next five years. He added that there may need to be some cleanup on the forecasts of the Neighborhood Services Fund.

Mr. Vartan added that the Act requirement is to include a schedule of projected capital commitments and although there is a line under the Neighborhood Services Fund indicating that over the course of the next five years several million dollars of capital spending, the schedule of the commitments has not been provided.

Mr. Vartan added that the Act requires that the City work with the Authority regarding the formulation of the Plan and prescribes that supporting information be provided. He explained that he believes the Board has tried to do that and he believes the data and supporting information is missing, and specifically, the capital improvement project details. He had requested, not just a list of projects, but full detailed budgets and descriptions of all the capital improvement projects and explanations tying together the sum of the presentations in various parts of plan where the totals do not add up.

Mr. Vartan added that the Board is looking for supporting information to meet that standard as well for the increase in operating expenses depicted in the Plan, increases associated not with inflation, and not with rising costs, but increases associated with new initiatives for which supporting information has not been provided as requested.

He concluded with a motion to disapprove the Mayor's Five-Year Financial Plan as submitted on December 14, 2020.

Mr. Vartan reminded the Board that the Act does give the Authority the power to make recommendations to the City and the Board members have specific recommendations for the City and he would be pleased to include in the



motion that the Board could include a series of recommendations to go along with formal disapproval. Further, that some suggestions come directly from the attachments prepared by Mr. Woolley that were delivered with the Plan to the Board. He suggested that perhaps a letter can be added as appendix to the Plan document. He hopes that the Board's recommendations would provide valuable assistance for the recovery and progress for the City of Harrisburg.

Ms. MacNett seconded the motion. She added that the Plan that the Board received on December 14<sup>th</sup> was an improvement over the initial plan and she hopes that the City will take this as an opportunity to come back and improve it even further.

Ms. MacNett added that if the Authority approves this plan, as it is today, the numbers are just going to get bigger when she thinks that COVID says the numbers should be more conservative and smaller based on what we do not know at this point.

Mr. Hill stated that he will support the motion and that he appreciates the deference that the City gave to the Authority's initial set of comments, the additional information that the Board received. Further, that the couple of reasons that we are offering for disapproval are valid and within our duty under the Act. It is his hope that City can be responsive to each of those and so that is his basis for support motion.

Mr. Vartan stated that he hopes the comments that that the Authority provides are helpful in the sense that it is not a moving target. He hopes to provide a fixed target so that when the Plan gets adopted as the official document, the City knows exactly what the areas are to be addressed just to meet the basic standards.

Mr. Vartan reminded the Board that the Act has some very firm deadlines, which require that the Board therefore act. However, he suggested that while some improvements can be done quickly, if the City required additional time to make further improvements to the Plan, he suggested that the

	<p>Authority should consider favorably any request from the City for additional time to further revise the Plan. Ms. MacNett agreed that no request for more time would be unreasonably refused.</p> <p>Mr. Stonehill reminded that there is a motion and disapproval is on the floor for disapproval; and further, that the clock on resubmission by the City does not start until a written notice of disapproval is submitted to the City.</p> <p>Following this action, a notice of disapproval would be crafted and delivered.</p>	
<p><b>Next steps following disapproval of the Mayor's Five-Year Financial Plan</b></p>	<p>Ms. Carter stated that the Board is prepared to communicate this decision to the City of Harrisburg. That the communication will include that the Board anticipates a good product, not a rushed product. Further, a request for additional time will be considered. Also, above all, from her perspective, Ms. Carter wants to encourage constant communication specifically through Mr. Stonehill, so that if there is any clarification needed, it can be done immediately.</p> <p>Mr. Vartan added that one of the things he had referenced was a summary provided by the City regarding the Steelton services agreement, which referenced the operational revenues and expenses. The numbers appear implausible just on the face of it. He added that he strongly recommends that Jeffrey work directly with the appropriate person at the City to formulate and provide an accurate summary of the financial commitments made in these intermunicipal arrangements.</p> <p>Ms. MacNett reminded that she has requested, and has not yet received from the City, a detail of those financial commitments made under the City's collective bargaining agreements.</p> <p>Ms. Carter said these requests are spot on. She wants to encourage the City to provide more regular financial reporting.</p> <p>Mr. Stonehill hopes that the City would appoint a new Director of Finance and that may help with reporting by the City.</p>	

<p><b>Approval of the Year-Two ICA Audit Report; and Further to Execute the Management Representation Letter; and Further, Authorization to Prepare and Execute the Annual ICA Section 207 Report; and to Submit the Same to the General Assembly</b></p>	<p>Ms. Carter asked for approval of the ICA Year-Two audit report and the authorization to execute the representation letter. She added that she would like to add authorization that Jeffrey and she can execute the Section 207 Report, which is due December 31, to the four appropriation leaders in the General Assembly.</p> <p>Mr. Stonehill informed the Board that everybody has received a copy of the report from the auditors, Zelekofske Axelroad for the Year-Two audit. The second fiscal year of the ICA ended several months ago, and this report indicates that it was a clean review with no issues of note. , The Authority fully complies with general accepted accounting principles, and the information was unrestricted and fully reviewed. He added that there is a document which needs to be approved and then authorized for execution which would be the final step in the Year-Two review process. He would then place a notice in the Pennsylvania Bulletin indicating the ICA final Year-Two finances, which he will do following this meeting.</p> <p>On a motion by Ms. Carter, seconded by Ms. MacNett.</p>	<p>Motion approved 4-0</p>
<p><b>Other Business</b></p>	<p>None</p>	
<p><b>Public Comments</b></p>	<p>Mr. Stonehill read three questions submitted by Mr. Eric Epstein. Mr. Stonehill responded.</p>	
<p><b>Adjourn</b></p>	<p>At 5:16 p.m., on a motion by Mr. Hill, with a second by Mr. Vartan, the Authority adjourned.</p>	<p>Adjournment approved 4-0</p>

Respectfully submitted:




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Jeffrey Stonehill, Authority Manager

ICA for Harrisburg

## APPENDIX DOCUMENTS



The Intergovernmental Cooperation Authority  
for Harrisburg  
2205 Forest Hills Drive #10  
Harrisburg, PA 17112

December 16, 2020

Zelenkofske Axelrod LLC  
830 Sir Thomas Court  
Harrisburg, PA 17109

Re: Year Two Audit

This representation letter is provided in connection with your audit of the Statement of Cash Receipts, Cash Disbursements, and Cash Balances of the Intergovernmental Cooperation Authority for Harrisburg (the "Authority"), as of and for the year ended June 30, 2019, for the purpose of expressing an opinion on whether the Statement of Cash Receipts, Cash Disbursements, and Cash Balances presents fairly, in all material respects, the cash receipts, cash disbursements, and cash balances of the Authority in accordance with the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 16, 2020:

**Financial Statement**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 29, 2020, for the preparation and fair presentation of the financial statement of the Authority referred to above in accordance with the cash basis of accounting.

## Management Representation Letter – Year Two Audit

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statement.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statement and for which the cash basis of accounting requires adjustment or disclosure have been adjusted or disclosed to the auditors.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statement, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- All receipts have been included.
- All disbursements have been included.

### Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statement of the Authority referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statement in accordance with the cash basis of accounting.
- We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;

Management Representation Letter – Year Two Audit

- Employees/Consultants who have significant roles in internal control; or
- Others where the fraud could have a material effect on the financial statement.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statement communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Authority has no plans or intentions that may materially affect the carrying value of the cash.
- We have disclosed to you all guarantees, whether written or oral, under which the Authority is contingently liable.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statement or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statement in the event of noncompliance.



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Jeffrey Stonehill, Authority Manager

**INTERGOVERNMENTAL COOPERATIVE AUTHORITY  
FOR HARRISBURG, PENNSYLVANIA**

**FINANCIAL STATEMENT**

**FOR THE YEAR END JUNE 30, 2020**

Draft



INTERGOVERNMENTAL COOPERATIVE AUTHORITY  
FOR HARRISBURG, PENNSYLVANIA  
FOR THE YEAR END JUNE 30, 2020

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Draft

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Intergovernmental Cooperation Authority for Harrisburg  
Harrisburg, Pennsylvania

### **Report 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 (the "Authority"), as of and for the year end June 30, 2020.

### ***Management's Responsibility for the Financial Statement***

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 below; 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 Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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 Disbursement, and Cash Balances.

***Qualified Opinion on the Notes to the Statement***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph on the Notes to the Statement, the financial statement referred to above presents fairly, in all material respects, the respective cash balance of the Authority, as of June 30, 2020, and the respective changes in the cash balances for the year end June 30, 2020 in accordance with the cash basis of accounting.

***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of the Authority, as of June 30, 2020, and the cash receipts and cash disbursements for the year end June 30, 2020 on the basis of accounting described below.

***Basis of Accounting***

The Authority's financial statement has been prepared on the cash basis. 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.

Harrisburg, Pennsylvania  
December 13, 2019

ZELINKOFSKE AXELROD LLC

INTERGOVERNMENTAL COOPERATION AUTHORITY FOR HARRISBURG  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CASH BALANCES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

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**Cash Receipts:**

Intergovernmental	\$ 100,000
Interest Income	<u>18</u>
Total Cash Receipts	<u>100,018</u>

**Cash Disbursements:**

Authority Manager Services	<del>56,700</del>
Legal Advertisement	1,039
Legal Services	22,276
Insurance	5,490
Audit	<del>1,500</del>
Web Services	6,370
Overpayment of Services	<u>5,250</u>
Total Cash Disbursements	<u>98,625</u>

**Excess of Cash Receipts over Cash Disbursements** 1,393

**Cash - Beginning of Year** 81,462

**Cash - End of Year** \$ 82,855

# SHAFFER & ENGLE

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## LAW OFFICES, LLC

Jeffrey B. Engle, Esq.  
jeff@shafferengle.com  
Allen Shaffer, Esq.  
(1927 - 2009)

December 7, 2019

Zelenkofske Axelrod, LLC  
ATTN: Kim Stank; [kstank@zallc.org](mailto:kstank@zallc.org)  
830 Sir Thomas Court, Suite 100  
Harrisburg, PA 17109

**Re: Intergovernmental Cooperation Authority for Harrisburg**

To Whom It May Concern:

As of the date of this letter, we submit the information requested from the Intergovernmental Cooperation Authority for Harrisburg ("ICA") with respect to the following items as of June 30, 2020 and through December 7, 2020:

1. **PENDING OR THREATENED LITIGATION** (excluding unasserted)

The undersigned is aware of pending litigation against the ICA:

**City of Harrisburg, Mayor Eric Papenfuse and Bruce Weber, Esq., Petitioners vs, Intergovernmental Cooperation Authority for Harrisburg, Respondent; 180 MD 2020-Commonwealth Court of Pennsylvania.**

**Brief summary:** The City of Harrisburg ("COH"), et al. filed an action in equity seeking both injunctive relief and declaratory judgment against the ICA to allow the chief financial officer into all executive meetings relative to the formulation of an Intermunicipal Agreement or Memorandum of Understanding ("MOU") between the COH and the ICA. This is a matter of statutory interpretation of Act 124 of 2018, 53 P.S. § 42101, et seq. The ICA takes the position that although the chief financial officer of the COH is a member "ex officio" of the board, he/she should not be a participating member involving the formulation of the MOU because he/she has a vested interest in the outcome of the financial performance section of the MOU as an employee of the COH, under the language of the Act. The ICA has permitted the chief financial officer to attend all other executive sessions. The COH takes the position that as an ex officio member, he/she should be permitted to attend all executive sessions regardless of topic.

**Potential Financial Impact:** As this is a claim based in equity, the COH, et al has not sought any monetary damages or remuneration from the ICA. The relative exposure to any such occurrence is minimal.

2205 FOREST HILLS DRIVE, SUITE 10, HARRISBURG, PENNSYLVANIA 17112

Telephone: (717) 545-3032



Facsimile: (717) 545-3083

[www.shafferengle.com](http://www.shafferengle.com)

**Assigned Counsel:** Insurance Counsel, Joseph Bosick, Esq. One Oxford Centre, Thirty-Eighth Fl., Pittsburgh, PA 15219; (412) 263-2000; Joe Bosick Esq. (JJB@pietragallo.com).

**2. UNASSERTED CLAIMS AND ASSESSMENTS**

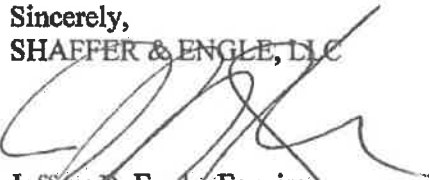
We do not have any knowledge of any unasserted claims or assessments against the ICA.

The above information is provided, based on a check of the records of the Office of the Prothonotary of Dauphin County, the Office of the Prothonotary of the Commonwealth Court, and the Federal Court in Harrisburg, Pennsylvania, to determine if any litigation has been filed against the ICA. As independent general counsel for the ICA, no claims have been referred to Shaffer & Engle, LLC for action.

We further confirm that when in the course of performing legal service for the ICA, we will form a professional conclusion on any matters recognized to evolve an unasserted possible claim or assessment and advise the School District concerning the question of the disclosure and the application requirements of GASB-62 and (ASC 450).

As of the date of this letter, any monies due this office would have been a nominal amount.

Sincerely,  
SHAFFER & ENGLE, LLC



Jeffrey B. Engle, Esquire  
Independent General County for the ICA and  
Designee of Shaffer & Engle, LLC

JBE/vjs

Copy: Intergovernmental Cooperation Authority for Harrisburg  
ATTN: Mr. Jeffrey Stonehill, Authority Manager

2205 FOREST HILLS DRIVE, SUITE 10, HARRISBURG, PENNSYLVANIA 17112

Telephone: (717) 545-3032



Facsimile: (717) 545-3083

[www.shafferengle.com](http://www.shafferengle.com)

## Summary of Bills Paid – Intergovernmental Cooperation Authority for Harrisburg

Report – December 16, 2020

- Digital Ocean \$10.60 December 2, 2020  
*Website software licenses*
- Digital Ocean \$5.72 December 2, 2020  
*Web Host*
- PA Media Group \$199.38 December 16, 2020  
*Legal Advertisement*
- Steven A Goldfield \$300.00 December 16, 2020  
*Consulting Services*
- Shaffer & Engle Law Offices, LLC \$530.00 December 16, 2020  
*Legal services*
- MESH PA LLC \$4,200.00 December 16, 2020  
*Authority Manager*

Starting balance: \$99,757.62

Ending balance: \$94,513.69

- Interest earnings Y-T-D \$20.27
- Fees Y-T-D \$ -0-