

CITY OF WILLIAMSPORT, PA RESOLUTION

RESOLUTION # 9222

DATE 12-9-21

TITLE

RESOLUTION AUTHORIZING RIVER VALLEY TRANSIT TO ADOPT AN UPDATED RKL LLP AUDITING SERVICES AGREEMENT

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Williamsport authorizes River Valley Transit to accept and adopt an updated price for previously approved audit agreement with RKL LLP for Auditing Services for Fiscal Year 2019-2020, not to exceed \$9,500.

HEREBY, the appropriate City Officials are hereby authorized to execute an updated price for previously approved audit agreement between River Valley Transit and RKL LLP, and any documents necessary to accept the attached updated agreement.

Approved

James M. Frank
City Clerk

Donald J. Hillary
President

Nicole Farr

From: Timothy Kraft <tkraft@rklcpa.com>
Sent: Thursday, December 2, 2021 9:57 AM
To: Nicole Farr
Cc: Adam Winder
Subject: RE: RKL invoice

Categories: 0 NEW EMAIL

OK I'm with you.

The documentation/level of reviews associated with issuing the adverse opinion is significantly higher than with an unmodified ("clean") opinion. The adverse opinion created a number of additional documentation requirements and hurdles that we have been working though.

Just as an aside, the WIP for October and November is about \$18,000 and we are planning to write-off that time at this point.

If you need more than this please don't hesitate to reach out.

Timothy D. Kraft, CPA
Partner, Audit Services Group

RKL LLP 

1330 Broadcasting Road, PO Box 7008

Wyomissing, PA 19610

phone: 610.376.1595 ext. 8258 - fax: 610.376.7340

tkraft@RKLcpa.com

www.RKLcpa.com

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Confidential and Privileged: The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you are not the intended recipient, please contact the sender, destroy all copies and delete the material from any computer. RKL LLP and/or its employees shall not be liable for the incorrect, incomplete or delay in transmission of this e-mail.

were

Transaction Date	Rate	Hours	Transaction Amount	Staff Name
9/1/2021	\$ 280.00	2 \$	560.00	Kraft, Timothy
9/3/2021	\$ 280.00	2 \$	560.00	Kraft, Timothy
9/13/2021	\$ 280.00	2 \$	560.00	Kraft, Timothy
9/14/2021	\$ 280.00	2 \$	560.00	Kraft, Timothy
9/16/2021	\$ 280.00	3 \$	840.00	Kraft, Timothy
9/16/2021	\$ 425.00	1.75 \$	743.75	Zettlemoyer, Mark
9/17/2021	\$ 280.00	2 \$	560.00	Kraft, Timothy
9/17/2021	\$ 425.00	6 \$	2,550.00	Zettlemoyer, Mark
9/17/2021	\$ 170.00	3 \$	510.00	Steinweg, Brad
9/9/2021	\$ 280.00	4 \$	1,120.00	Kraft, Timothy
9/14/2021	\$ 170.00	5.5 \$	935.00	Steinweg, Brad
9/15/2021	\$ 170.00	6 \$	1,020.00	Steinweg, Brad
9/16/2021	\$ 170.00	3.5 \$	595.00	Steinweg, Brad
9/17/2021	\$ 170.00	1.5 \$	255.00	Steinweg, Brad
9/21/2021	\$ 150.00	5.5 \$	825.00	Chupkai, Mary
9/21/2021	\$ 280.00	4 \$	1,120.00	Kraft, Timothy
9/22/2021	\$ 150.00	1 \$	150.00	Chupkai, Mary
9/22/2021	\$ 150.00	1.25 \$	187.50	Chupkai, Mary
9/16/2021	\$ 125.00	2 \$	250.00	Groff, Mark
9/21/2021	\$ 190.00	3 \$	570.00	Steinweg, Brad
Total Cost Incurred				\$ 14,471.25
Write Down				\$ (4,971.25)
Net Bill				\$ 9,500.00

CITY OF WILLIAMSPORT, PA RESOLUTION

RESOLUTION # 9038

DATE 6-11-20

TITLE

**RESOLUTION AUTHORIZING RIVER VALLEY TRANSIT TO ENGAGE RKL LLP FOR
AUDITING SERVICES**

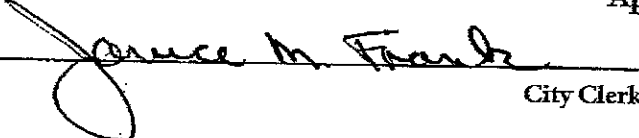
BE IT HEREBY RESOLVED, by the City Council of the City of Williamsport, that it awards a contract for Auditing Services to RKL LLP for Fiscal Year 2019-20 in the amount \$35,000.

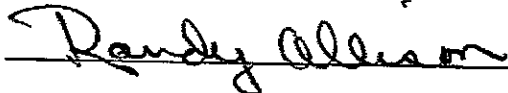
BE IT FURTHER RESOLVED, that this award is contingent upon the proper submission and execution of the appropriate certifications and contract documents;

BE IT FURTHER RESOLVED, that the Mayor and the City Controller be authorized to execute the necessary papers, documents, etc. to carry out the foregoing;

BE IT FURTHER RESOLVED, that the General Manager of River Valley Transit is hereby directed to notify said vendors by forwarding a copy of this executed Resolution and related documentation.

Approved


City Clerk


President



MEMORANDUM

TO: Mayor Derek Slaughter and Members of City Council

FROM: Adam L. Winder, General Manager

DATE: June 3, 2020

SUBJECT: Resolution Authorizing River Valley Transit to Engage RKL LLP for Auditing Services

Attached for your review is the following resolution to be considered at the upcoming June 11, 2020 Williamsport City Council meeting as follows:

RESOLUTION AUTHORIZING RIVER VALLEY TRANSIT TO ENGAGE RKL LLP FOR AUDITING SERVICES

River Valley Transit is recommending the use of RKL LLP for our FY2020 audit year. RKL is the leading auditing firm in Pennsylvania dealing with the transit industry. They currently work very closely with PennDot and Nagy Summers Law Office in regard to the Pennsylvania transit agencies. They are a valuable asset to River Valley beyond the scope of the audit because of their connections within the industry.

RKL is proposing a cost of \$35,000 for the FY 2019-2020 audit year. This is in line with the cost of prior audits.

During the course of the last auditing cycle, both Endless Mountains and Williamsport Parking Authority have transitioned to the use of RKL as the auditing firm. By transitioning River Valley Transit to RKL it allows for a transparent fact, filled audit since River Valley is the management for those companies.

Should you have any questions or need additional information prior to the next City Council meeting, please feel free to give me a call.



FOCUSED. ON YOU.

June 2, 2020

To the City Council
City of Williamsport, Pennsylvania Bureau of Transportation
1500 West Third Street
Williamsport, PA 17701

Attention: City Council Members
Mr. Adam Winder, General Manager
Ms. Nicole Farr, CFO

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of City of Williamsport, Pennsylvania Bureau of Transportation's (the Bureau) financial statements and compliance as of and for the year ending June 30, 2020.

Communication

Effective two-way communication between our Firm and the City Council is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding the Bureau and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other known or likely fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse that are likely to have a material effect on the financial statements. We will also communicate illegal acts, instances of noncompliance, fraud or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our Firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of RKL LLP is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by RKL LLP and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your Bureau functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your Bureau. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of Bureau objectives, strategies, risks, and performance.

As part of obtaining an understanding of your Bureau and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality both in planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit, and the effect of uncorrected misstatements, if any, on the financial statements, in forming the opinion in our report on the financial statements and in determining or reporting in accordance with Government Auditing Standards and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified and assessed risk of material misstatement that, in our professional judgment, requires special audit consideration. As part of our risk assessment procedures, we identified fraudulent revenue recognition, management override of controls and a significant volume of cash on hand as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of the Bureau's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal controls. Our reports on internal control will include any significant deficiencies and material weaknesses in the system, of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of the Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements of the Pennsylvania Department of Transportation, the Single Audit Act, and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200* (Uniform Guidance).

We will issue reports on compliance with laws, statutes, regulations, and the terms and conditions of federal awards. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards and circular identified above.

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance) identifies the auditee's responsibilities for the compliance audit engagement. The Uniform Guidance clarifies the auditee's responsibility for completion and submission of the single audit; preparation of the financial statements, including the schedule of expenditures of federal awards; compliance with applicable requirements; maintenance of internal controls; and taking appropriate corrective action. In order to properly plan our single audit engagement, we need a draft copy of your schedule of expenditures of federal awards and summary schedule of prior audit findings.

Schedule of Expenditures of Federal Awards

The Uniform Guidance requires that the auditee identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received. Federal program and award identification must include, as applicable, the CFDA title and number, the federal award identification number and year, the name of the federal agency, and the name of the pass-through entity, if any. This information enables the auditee to reconcile amounts presented in the financial statements to related amounts in the schedule of expenditures of federal awards.

The Uniform Guidance states that the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements, which must include the total federal awards expended as determined by 2 CFR 200.502. The Uniform Guidance also specifies what must go on the face of the schedule and what must go in the notes to the schedule.

At a minimum, the face of the schedule of expenditures of federal awards must:

1. List individual federal programs by federal agency. For a cluster of programs, provide the cluster name, list individual federal programs within the cluster of programs, and provide the applicable federal agency name. For research and development, total federal awards expended must be shown either by individual award or by federal agency and major subdivision within the federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services (the federal agency).
2. For federal awards received as a subrecipient, include the name of the pass-through entity and the identifying number assigned by the pass-through entity.
3. Provide the total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs, also provide the total for the cluster. Note that under the Uniform Guidance, all noncash awards must go on the face of the schedule.
4. Include the total amount of federal awards expended for loan or loan guarantee programs.
5. Include the total amount provided to subrecipients from each federal program.
6. The Uniform Guidance also provides that the following must be included in the notes to the schedule:
 - a. The balances of loan and loan guarantee programs (loans) outstanding at the end of the audit period for those loans described in 2 CFR 200.502(b). Note that loan information is not included in the notes to the schedule for loan and loan guarantees at institutions of higher education (when the loans are made to students, but the IHE does not make the loans). Furthermore, prior loan and loan guarantee balances for which there are no continuing compliance requirements other than to repay the loans are not required to be included in the notes to the schedule.
 - b. The significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10 percent *de minimis* indirect cost rate.

Summary Schedule of Prior Audit Findings

The auditee is responsible for follow-up and corrective action on findings relating to federal awards and the financial statements. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. The auditee is not required to prepare a summary schedule of prior audit findings if there are no matters reportable therein. The summary schedule of prior audit findings must include the reference numbers the auditor assigned to audit findings in the prior schedule of findings and questioned costs. Because the summary schedule of prior audit findings may include audit findings from multiple years, it must include the fiscal year in which the finding initially occurred.

The summary schedule of prior audit findings must report the status of all audit findings (which encompass those defined in 2 CFR 200.516(a)) included in the prior audit's schedule of findings and questioned costs. The schedule must also include audit findings reported in the prior audit's summary schedule of prior audit findings unless those audit findings were listed as corrected, no longer valid or not warranting further action. Note that when audit findings were fully corrected, the schedule need only list the audit findings and state that corrective action was taken. When audit findings were not corrected or were only partially corrected, the schedule must describe the reasons for the audit finding's recurrence and planned corrective action and any partial corrective action taken. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the federal agency's or pass-through entity's management decision, the schedule must provide an explanation.

In accordance with 2 CFR 200.511, the summary schedule of prior audit findings must also include findings relating to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Although the Uniform Guidance technically limits the auditor's follow-up responsibility to audit findings in 2 CFR 200.516(a), *Government Auditing Standards* include a requirement that the auditor evaluate whether the auditee has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements or other data significant to the audit objectives.

The auditor cannot take responsibility for the preparation of the corrective action plan. However, the Uniform Guidance requires that we follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee in accordance with the Uniform Guidance, and report, as a current year audit finding, when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding. We must perform audit follow-up regardless of whether a finding relates to a major program in the current year.

Please provide us with at least a draft copy of your schedule of expenditures of federal awards and summary schedule of prior audit findings at your earliest convenience. However, in keeping with our audit planning schedule, this information must be received by us no later than June 30, 2020.

Timing of the Audit

We have scheduled preliminary audit field work for the week of June 15, 2020 with final field work commencing the week of September 14, 2020. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

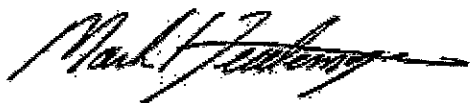
Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the Bureau.

This communication is intended solely for the information and use of the City Council and is not intended to be, and should not be, used by anyone other than this specified party.

Sincerely,

RKL LLP

A handwritten signature in black ink, appearing to read "Mark S. Zettlemoyer", with a horizontal line extending to the right from the end of the signature.

Mark S. Zettlemoyer, CPA, CFE
Partner



FOCUSED. ON YOU.

June 2, 2020

To the City Council
City of Williamsport, Pennsylvania Bureau of Transportation
1500 West Third Street
Williamsport, PA 17701

Attention: City Council Members
Mr. Adam Winder, General Manager
Ms. Nicole Farr, CFO
Mr. Derek Slaughter, Mayor

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the City of Williamsport, Pennsylvania Bureau of Transportation's (the Bureau) business-type activities for the year ended June 30, 2020 which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of the Bureau as of June 30, 2020, so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS): "Government Auditing Standards" issued by the Comptroller General of the United States (GAS); the audit requirements of the Pennsylvania Department of Transportation, the provisions of the Single Audit Act, Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the U.S. Office of Management and Budget's (OMB) Compliance Supplement. Those standards, regulations, supplements, or guides require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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 statements.

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 GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Bureau's preparation and fair presentation of the financial statements 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 Bureau'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.

We will also communicate to the City Council (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential), (c) any disagreements with management and other serious difficulties encountered in performing the audit, and (d) various matters related to the entity's accounting policies and financial statements.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above. Our reports on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

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 financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;

- c. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
- d. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is 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 entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators or others;
- e. For (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan, and (c) report distribution, including submitting the reporting packages; and
- f. 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 financial statements such as records, documentation, and other matters;
 - (2) Additional information that we may request from management for the purpose of the audit;
 - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
 - (4) When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package; and
 - (5) If applicable, responses to any findings reported on the schedule of findings and questioned costs.

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 including among other items:

- a. That management has fulfilled its responsibilities as set out in the terms of this letter; and
- b. That it believes 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 taken as a whole.

Management is responsible for identifying and ensuring that the Bureau complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud or abuse, and for informing us about all known or suspected fraud or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse or suspected fraud or abuse affecting the entity received in communications from employees, former employees, analysts, regulators or others.

Management is responsible for the preparation of the supplementary information in accordance with accounting principles generally accepted in the United States of America. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The City Council is responsible for informing us of its views about the risks of fraud or abuse within the entity, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the entity.

The Bureau agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Bureau agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering.

Our association with an official statement is a matter for which separate arrangements will be necessary. The Bureau agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Bureau seeks such consent, we will be under no obligation to grant such consent or approval.

We agree that our association with any proposed offering is not necessary, providing the Bureau agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The Bureau agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

RKL LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RKL LLP, also has not performed any procedures relating to this official statement.

Because RKL LLP will rely on the Bureau and its management and City Council to discharge the foregoing responsibilities, the Bureau holds harmless and releases RKL LLP, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Bureau's management which has caused, in any respect, RKL LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Records and Assistance

If circumstances arise relating to the condition of the Bureau's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Bureau's books and records. The Bureau will determine that all such data, if necessary, will be so reflected. Accordingly, the Bureau will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Bureau personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Nicole Farr. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audit, you have requested us to perform certain nonaudit services necessary for the preparation of the financial statements, including financial statement preparation and other services. The GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a nonaudit service to the Bureau, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other nonaudit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the nonaudit service to be performed. The Bureau has agreed that Nicole Farr, possesses suitable skill, knowledge, or experience and that the individual understands the financial statement preparation services to be performed sufficiently to oversee them. Accordingly, the management of the Bureau agrees to the following:

- a. The Bureau has designated Nicole Farr, a senior member of management, who possesses suitable skill, knowledge, and experience to oversee the services;
- b. Nicole Farr will assume all management responsibilities for subject matter and scope of the financial statement preparation;
- c. The Bureau will evaluate the adequacy and results of the services performed; and
- d. The Bureau accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the management and those charged with governance of the Bureau of the objectives of the nonaudit service, the services to be performed, the Bureau's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the nonaudit service. We believe this letter documents that understanding.

Other Relevant Information

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may utilize financial information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by RKL LLP professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

In accordance with GAS, a copy of our most recent peer review report is enclosed, for your information.

Parties' Understandings Concerning Situation Around COVID-19

RKL LLP and the Bureau acknowledge that, at the time of the execution of this arrangement letter, federal, state, and local governments, both domestic and foreign, have restricted travel and/or the movement of their citizens due to the ongoing and evolving situation around COVID-19. In addition, like many organizations and companies in the United States and around the globe, RKL LLP has restricted its employees from travel and onsite work, whether at a client facility or RKL LLP facility, to protect the health of both RKL LLP's and its clients' employees. Accordingly, to the extent that any of the services described in this arrangement letter requires or relies on RKL LLP or the Bureau personnel to travel and/or perform work onsite, either at the Bureau's or RKL LLP's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, RKL LLP and the Bureau acknowledge and agree that the performance of such work may be delayed, significantly or indefinitely, and thus certain services described herein may need to be rescheduled and/or suspended at either RKL LLP's or the Bureau's sole discretion. RKL LLP and the Bureau agree to provide the other with prompt written notice (email will be sufficient) in the event any of the services described herein will need to be rescheduled and/or suspended. RKL LLP and the Bureau also acknowledge and agree that any delays or workarounds due to the situation surrounding COVID-19 may increase the cost of the services described herein. RKL LLP will obtain the Bureau's prior written approval (email will be sufficient) for any increase in the cost of RKL LLP services that may result from the situation surrounding COVID-19.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from Bureau personnel.
- b. Timely responses to our inquiries.

- c. Timely completion and delivery of client assistance requests.
- d. Timely communication of all significant accounting and financial reporting matters.
- e. The assumption that unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Our fee for the services described in the letter will be approximately \$35,000, unless the scope of the engagement is changed, the assistance which the Bureau has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. A service charge of 1-1/4% per month (15% per annum) will be charged on all invoices not paid within 30 days from the date of the invoice. Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the Firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Bureau agrees it will compensate RKL LLP for any additional costs incurred as a result of the Bureau's employment of a partner or professional employee of RKL LLP.

In the event you terminate this engagement, you will pay RKL LLP for all services rendered (including deliverables and products delivered), expenses incurred and commitments made by RKL LLP through the effective date of termination.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, RKL LLP may, at its sole discretion, terminate this arrangement letter without further obligation to the Bureau. Resumption of audit work following termination may be subject to our client acceptance procedures and, if resumed, will necessitate additional procedures not contemplated in this arrangement letter. Accordingly, the scope, timing and fee arrangement discussed in this arrangement letter will no longer apply. In order for RKL LLP to recommence work, a new arrangement letter would need to be mutually agreed upon and executed.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the Firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Bureau agrees it will compensate RKL LLP for any additional costs incurred as a result of the Bureau's employment of a partner or professional employee of RKL LLP. The audit documentation for this engagement is the property of RKL LLP and constitutes confidential information.

Review of audit documentation by a successor auditor or as part of due diligence will be agreed to, accounted for and billed separately.

In accordance with our firm policies, we reserve the right to suspend our work if your account becomes 120 days or more overdue. Our work will commence upon payment of all outstanding invoices, including service charges. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been concluded upon our providing you written notification of termination, even if we have not completed our work. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

In the event we are requested or authorized by the Bureau or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Bureau, the Bureau will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of RKL LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of RKL LLP audit personnel and at a location designated by our Firm.

Claim Resolution

The Bureau and RKL LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by RKL LLP or the date of this arrangement letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. RKL LLP's liability for all claims, damages and costs of the Bureau arising from this engagement is limited to the amount of fees paid by the Bureau to RKL LLP for the services rendered under this arrangement letter.

Information Security - Miscellaneous Terms

RKL LLP is committed to the safe and confidential treatment of City of Williamsport, Pennsylvania Bureau of Transportation proprietary information. RKL LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. City of Williamsport, Pennsylvania Bureau of Transportation agrees that it will not provide RKL LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of City of Williamsport, Pennsylvania Bureau of Transportation information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

RKL LLP may terminate this relationship immediately in its sole discretion if RKL LLP determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or RKL LLP's client acceptance or retention standards, or if City of Williamsport, Pennsylvania Bureau of Transportation is placed on a verified sanctioned entity list or if any director or executive of, or other person closely associated with, City of Williamsport, Pennsylvania Bureau of Transportation or its affiliates is placed on a verified sanctioned person list, in each case, including but not limited to lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union or any other relevant sanctioning Bureau.

If any term or provision of this Agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

Reporting

We will issue a written report upon completion of our audit of the Bureau's financial statements. Our report will be addressed to the City Council of the Bureau. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the Bureau's financial statements, we will also issue the following types of reports:

- A report on the fairness of the presentation of the Bureau's schedule of expenditures of federal awards for the year ending June 30, 2020;
- Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal controls;
- Reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a material effect, as defined by Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on each major program;
- A schedule of findings and questioned costs.

This letter constitutes the complete and exclusive statement of agreement between RKL LLP and the Bureau, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

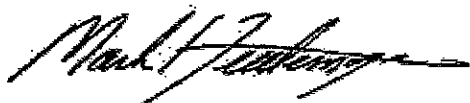
Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Sincerely,

RKL LLP



Mark S. Zettlemyer, CPA, CFE
Partner

Confirmed on behalf of City of Williamsport, Pennsylvania Bureau of Transportation:

Signature and Title