Reporting and insights from 2021 audit:

City of Lancaster Revitalization and Improvement Zone Authority

December 31, 2021

This communication is intended solely for the information and use of those charged with governance, and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

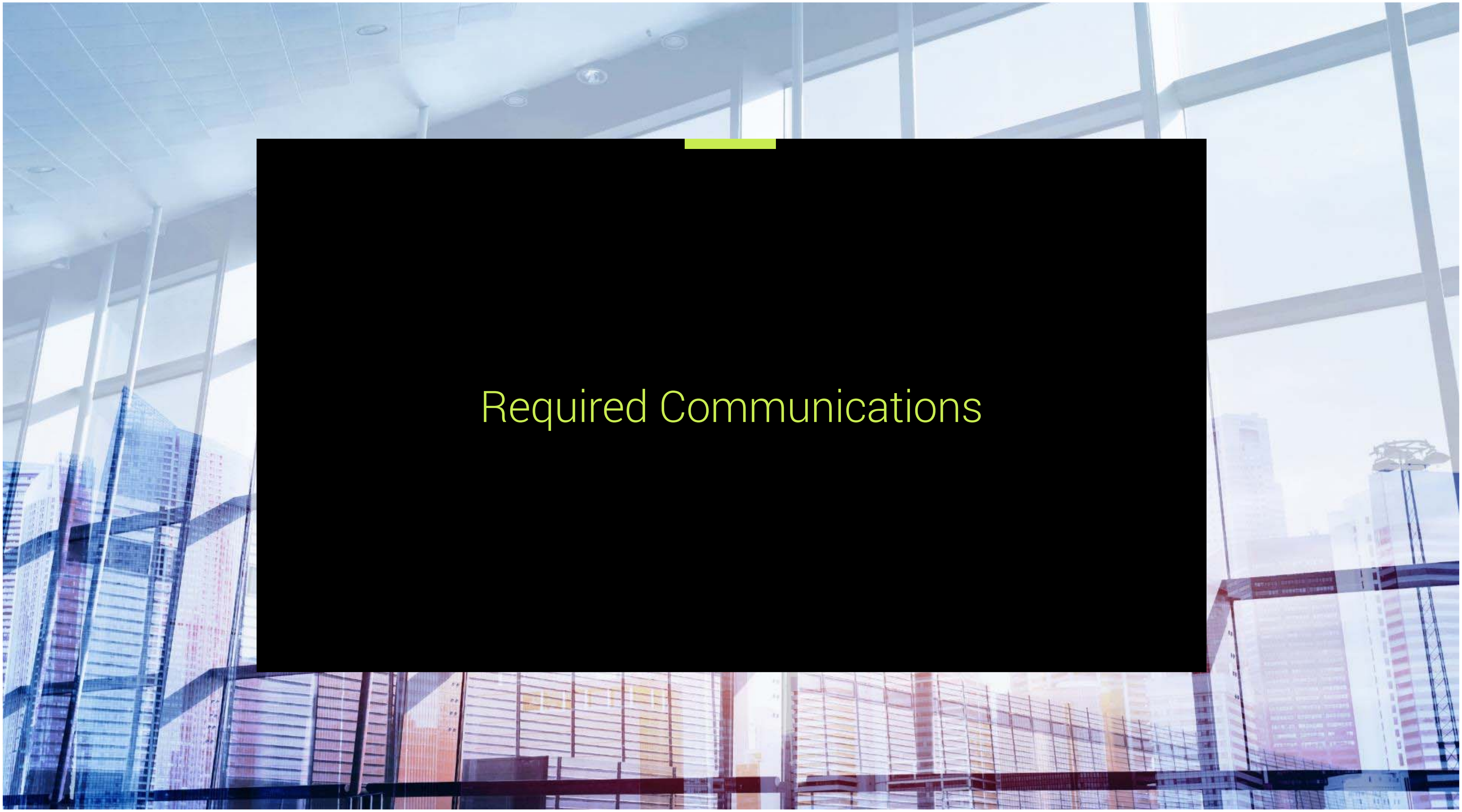
bakertilly
now, for tomorrow

Executive summary

We have completed our audit of the financial statements of Authority of City of Lancaster Revitalization and Improvement Zone Authority (the "Authority") for the year ended December 31, 2021, and have issued our report thereon dated March 28, 2022. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Authority's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas Authority of City of Lancaster Revitalization and Improvement Zone Authority should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.



Required Communications

RESPONSIBILITIES

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the modified-cash basis financial statements (financial statements) are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Authority's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
  - Are free from material misstatement
  - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by Government Auditing Standards

AUDIT OBJECTIVES

Management's responsibilities

Management	Auditor
Prepare and fairly present the financial statements	Our audit does not relieve management or those charged with governance of their responsibilities
Establish and maintain effective internal control over financial reporting and compliance with laws, regulations, contracts and grants	An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls
Provide us with written representations at the conclusion of the audit	We provided the management representation letter to management. In turn, management has provided a copy of the management representation letter to those charged with governance.

Key areas of focus

There were no significant changes made to either our planned audit strategy or to the significant risks identified during the performance of our risk assessment procedures.

Based on our understanding of the organization and environment in which you operate, we focused our audit on the following key areas:

- Cash
- Revenue recognition
- Project costs and operating costs
- Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards.*

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about current year results.

Significant risks

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following significant risks noted below.

Significant risks	Testing approach	Conclusion
Management override of controls	Journal entry testing, retrospective review of significant estimates, understanding significant unusual transactions	No identified issues

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies are described in Note 2 to the financial statements. We noted no transactions during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Required communications

Qualitative aspect of accounting practices

- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. There have been no significant changes made by management to the processes used to develop the estimates that are of most significance to the financial statements, if any.

Required communications

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time. We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as your auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified.

Required communications

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business or that otherwise appear to be unusual due to their timing, size or nature.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Required communications

Written communications between management and Baker Tilly

As previously indicated, management has executed a representation letter which has been forwarded to those charged with governance.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the organization’s ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued. No such matters or conditions have come to our attention during our engagement.

Required communications

Independence

We are not aware of any relationships between Baker Tilly and the organization that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with related parties.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Assist in financial statement preparation
- General, adjusting or correcting journal entries if applicable
- Assist in the preparation of CLGS DCED-04 to be reviewed and approved by management

AUDIT APPROACH AND RESULTS

Internal control matters

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.