REDEVELOPMENT AUTHORITY OF CUMBERLAND COUNTY

Financial Statements & Independent Auditors' Report

For the Year Ended June 30, 2025

smithmarion

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Board of Commissioners
Redevelopment Authority of Cumberland County
Carlisle, PA

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Redevelopment Authority of Cumberland County, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the Redevelopment Authority of Cumberland County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Redevelopment Authority of Cumberland County, as of June 30, 2025, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Redevelopment Authority of Cumberland County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Redevelopment Authority of Cumberland County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Redevelopment Authority of Cumberland County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Redevelopment Authority of Cumberland County's basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, th at information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026, on our consideration of the Redevelopment Authority of Cumberland County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Redevelopment Authority of Cumberland County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Redevelopment Authority of Cumberland County's internal control over financial reporting and compliance.

Smith Maiuolo

March 3, 2026

Redevelopment Authority of the County of Cumberland
Management's Discussion and Analysis
June 30, 2025

Management's discussion and analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position for the fiscal year ended June 30, 2025. Please read it in conjunction with the Authority's financial statements.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's accounting records are structured as an enterprise fund with revenues recognized when earned, rather than when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated over their estimated useful lives. The accounting for enterprise funds is similar to the accounting used by businesses. See the note to the financial statements for a summary of the Authority's significant accounting policies.

Following the MD&A are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statement of Net Position** presents information similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources of the Authority. The statement is presented in the format where assets, minus liabilities, equal net position. Assets and liabilities are presented in order of liquidity and are classified as current and non-current.

Net position is reported in three broad categories:

Net Investment in Capital Assets: This component consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component consists of assets that are constrained by limitations placed on their use by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component consists of net position that is not restricted and does not meet the definition of Net Investment in Capital Assets.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how the Authority's net position changed during the year. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income, interest expense, and gains or losses from the sale or disposition of capital assets. The focus of the statement is the change in net position, which is similar to net income or loss for a business entity.

The **Statement of Cash Flows** reports net cash provided by or used by operating activities, non-capital financing activities, capital and related financing activities and investing activities.

The **Notes to Financial Statements** provide additional information that is essential to a full understanding of the information included in the financial statements.

In addition to the basic financial statements and accompanying notes, this report includes two types of supplementary information: required supplementary information and other supplementary information. Required supplementary information must be included to conform with generally accepted accounting principles. Management's discussion and analysis is the required supplementary information.

Other supplementary information is not required by generally accepted accounting principles but is presented for additional analysis purposes or to meet other requirements. The financial data schedule is required by the U.S. Department of Housing and Urban Development (HUD). The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget and *Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations.*

Program Information

Community Development Block Grant: The Community Development Block Grant (CDBG) Program supports community development activities to build stronger and more resilient communities. To support community development, activities are identified through an ongoing process. Activities may address needs such as infrastructure, economic development projects, public facilities installation, community centers, housing rehabilitation, public services, clearance/acquisition, microenterprise assistance, code enforcement, homeowner assistance, etc.

Home Investment Partnership Program: The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

Financial Position and Analysis

Table 1 compares the Authority's financial position for the fiscal years ending June 30, 2025, and 2024:

Table 1 - Entity-Wide Balance Sheet Comparison

	2025	2024	Increase (Decrease)	Percent Variance
Assets				
Cash & cash equivalents	$ 6,799,533	$ 7,230,362	$ (430,829)	-5.96%
Other Current Assets	294,083	398,806	$ (104,723)	-26.26%
Noncurrent Assets	5,007,642	5,177,692	$ (170,050)	-3.28%
Total Assets	12,101,258	12,806,860	$ (705,602)	-5.51%
Liabilities				
Current Liabilities	120,498	256,095	$ (135,597)	-52.95%
Noncurrent Liabilities	958,827	855,427	$ 103,400	12.09%
Total Liabilities	1,079,325	1,111,522	$ (32,197)	-2.90%
Net Position				
Net Investment in Capital Assets	(674,590)	(669,330)	$ (5,260)	0.79%
Unrestricted Net Position	11,696,523	12,364,668	$ (668,145)	-5.40%
Total Net Position	$ 11,021,933	$ 11,695,338	$ (673,405)	-5.76%

Cash and Cash Equivalents decreased by $430,829 or 5.96 percent mainly due to operating expenses being more than amounts received from operating revenue.

Other Current Assets decreased by $104,723 or 26.26 percent. This is mostly due to decreases in tenant receivables and affiliate receivables.

Current Liabilities decreased by $135,597 or 52.95 percent. This is mainly due to outstanding payables accrued at the end of the prior fiscal year being settled in the current year.

Table 2 focuses on the changes in Net Position

Table 2 - Entity-Wide Income Statement Comparison

	2025	2024	Increase (Decrease)	Percent Variance
Operating Revenue & Expense				
Operating Revenue	$ 6,703,326	$ 10,594,883	$ (3,891,557)	-36.73%
Operating Expenses	7,120,646	11,085,889	$ (3,965,243)	-35.77%
Total Operating Income (Loss)	(417,320)	(491,006)	$ 73,686	-15.01%
Non-Operating Revenues & Expenses, Net	54,188	160,471	$ (106,283)	-66.23%
Income (Loss) in Net Position	(363,132)	(330,535)	$ (32,597)	9.86%
Prior Period Adjustment	(310,273)	233,088	$ (543,361)	0.00%
Net Position, Beginning of year	11,695,338	11,792,785	$ (97,447)	-0.83%
Net Position, End of year	$ 11,021,933	$ 11,695,338	$ (673,405)	-5.76%

Table 3 presents a summary of the Authority's revenue by source:

Table 3 - Entity-Wide Revenue Comparison

	2025	2024	Increase (Decrease)	Percent Variance
Operating Revenue (Loss)				
Government Operating Grants	3,750,596	4,235,384	$ (484,788)	-11.45%
Other Income	2,952,730	6,359,499	$ (3,406,769)	-53.57%
Total Operating Income (Loss)	6,703,326	10,594,883	$ (3,891,557)	-36.73%
Non-Operating Revenues (Loss)				
Interest Expense	(1,039)	(1,628)	$ 589	0.00%
Interest Income	55,227	162,099	$ (106,872)	-65.93%
Total Non-Operating Revenues (Losses)	54,188	160,471	$ (106,283)	-66.23%
Total Revenue (Loss)	$ 6,757,514	$ 10,755,354	$ (3,997,840)	-37.17%

Grant Revenue decreased by $484,788 or 11.45 percent due to State and Local Grants received being significantly lower than in prior years.

Other Income decreased by $3,406,769 or 53.57 percent. This decrease was due to reduced management fees earned from other entities.

Table 4 presents a summary of the Authority's operating expenses:

Table 4 - Entity-Wide Expense Comparison

	2025	2024	Increase (Decrease)	Percent Variance
Administrative	2,585,971	4,771,949	(2,185,978)	-45.81%
Utilities	25,472	19,152	6,320	33.00%
Maintenance	4,359,961	4,851,774	(491,813)	-10.14%
Insurance	111,730	158,797	(47,067)	-29.64%
General & Misc Expense	20,284	1,251,893	(1,231,609)	-98.38%
Depreciation Expense	17,228	32,324	(15,096)	-46.70%
Total Operating Expenses	$ 7,120,646	$ 11,085,889	$ (3,965,243)	-35.77%

Administrative decreased by $2,185,978 or 45.81% primarily due to reduced grant revenue as a source to cover maintenance expenses at various sites.

Maintenance decreased by $491,813 or 10.14% primarily due to reduced grant revenue as a source to cover maintenance expenses at various sites.

General & Misc decreased by $1,231,609 or 98.38% primarily due to reduced grant expenses passed through to agencies and to cover operating costs.

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for the Authority is adopted on the basis of accounting described by HUD, which differs in some respects from generally accepted accounting principles.

Table 5 - Actual vs. Budget

	Budget	Actual	Variance Favorable (Unfavorable)	Percent Variance Favorable (Unfavorable)
Operating Revenue				
Other Government Grants	3,800,000	3,750,596	(49,404)	-1.30%
Interest income	150,000	55,227	(94,773)	-63.18%
Other income	3,000,000	2,952,730	(47,270)	-1.58%
Total Revenue	6,950,000	6,758,553	(191,447)	-2.75%
Expenses				
Administrative	2,500,000	2,585,971	(85,971)	-3.44%
Utilities	30,000	25,472	4,528	15.09%
Maintenance	4,300,000	4,359,961	(59,961)	-1.39%
Tax and Insurance	100,000	111,730	(11,730)	-
Interest expense	1,000	1,039	(39)	-
General Expenses	19,000	20,284	(1,284)	-6.76%
Total Expenses	6,950,000	7,104,457	(154,457)	-2.22%
Income Over (Under) Expenses	$ -	$ (345,904)	$ (345,904)	100.00%

Administrative expense is over budget by $85,971 or 3.44 percent due to costs more than anticipated for operating.

Maintenance expense is over budget by $59,961 or 1.39 percent due to maintenance costs available to cover with grants being less than anticipated.

Capital Assets

Table 7 summarizes the Authority's investment in capital assets.

Table 6 - Summary of Entity-Wide of Capital Asset Activity

	2025	2024	Increase (Decrease)	Percent Variance
Buildings and Improvements	$ 760,989	$ 760,989	-	0.00%
Furniture and Equipment	$ 50,535	$ 50,535	-	0.00%
	811,524	811,524	-	0.00%
Less: accumulated depreciation	(675,366)	(667,818)	(7,548)	1.13%
Capital Assets, Net	$ 136,158	$ 143,706	$ (7,548)	-5.25%

Acquisitions are capitalized at cost and depreciated using the straight-line method of depreciation. Additional information and details can be found in the Notes to the Financial Statements.

Significant Economic Factors Affecting the Authority

- State funding and eligibility of new projects to qualify for receipt of funds.
- Administrative costs of the Authority that are subject to limitations as set forth in grants received limiting these amounts.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for those interested. If you should have additional questions regarding the financial information, you can contact our offices by writing to the following address:

Redevelopment Authority of the County of Cumberland
Attn: Mary Kuna, Executive Director
114 N. Hanover St.
Carlisle, PA 17013-2445

Redevelopment Authority of Cumberland County
Statement of Net Position
June 30, 2025

ASSETS	
Current Assets	
Cash and equivalents	
Unrestricted	$ 6,799,533
Subtotal Cash	**6,799,533**
Accounts receivable, net	190,867
Prepaid expenses	57,061
Notes receivable, current	46,155
Total Current Assets	**7,093,616**
Non-Current Assets	
Capital assets, net	136,158
Right to use leased assets, net	16,130
Notes receivable, non-current	4,855,354
Total Non-Current Assets	**5,007,642**
TOTAL ASSETS	**12,101,258**
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Current Liabilities	
Accounts payable	78,966
Accrued liabilities	12,891
Compensated absences, current	16,052
Debt - current portion	12,514
Other liabilities	75
Total Current Liabilities	**120,498**
Non-Current Liabilities	
Compensated absences, non-current	144,463
Debt	814,364
Total Non-Current Liabilities	**958,827**
TOTAL LIABILITIES	**1,079,325**
TOTAL DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Investment in capital assets	(674,590)
Restricted	-
Unrestricted	11,696,523
TOTAL NET POSITION	**$ 11,021,933**

Redevelopment Authority of Cumberland County

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2025

REVENUES	
Operating Revenues	
Operating grants and subsidies	$ 3,750,596
Management fess	2,432,870
Other revenues	519,860
Total Operating Revenues	**6,703,326**
EXPENSES	
Operating Expenses	
Administration	2,585,971
Utilities	25,472
Ordinary maintenance and operations	4,359,961
Insurance expense	111,730
Other general expenses	20,284
Depreciation	17,228
Total Operating Expenses	**7,120,646**
NET OPERATING INCOME (LOSS)	**(417,320)**
NONOPERATING REVENUES (EXPENSES)	
Interest income	55,227
Interest expense	(1,039)
TOTAL NONOPERATING REVENUES (EXPENSES)	**54,188**
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	**(363,132)**
Capital Contributions and Transfers	
CHANGE IN NET POSITION	**(363,132)**
BEGINNING NET POSITION	**11,695,338**
Changes in Accounting Principles	**(310,273)**
ENDING NET POSITION	**$ 11,021,933**

See notes to financial statements

Redevelopment Authority of Cumberland County

Statement of Cash Flows

For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from grantors	$ 3,653,874
Cash received from other services	519,860
Cash received for management services	2,432,870
Cash paid for goods and services	(5,318,302)
Cash paid to & on behalf of employees for services	(1,924,126)
NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES	**(635,824)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on capital debt	(13,007)
NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(13,007)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	55,227
Payments on note receivables	162,775
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	**218,002**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(430,829)**
BEGINNING CASH AND CASH EQUIVALENTS	**7,230,362**
ENDING CASH AND CASH EQUIVALENTS	**$ 6,799,533**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ (417,320)
Non-Cash Adjustment	
Depreciation	17,228
Change in Assets & Liabilities	
Accounts/grants receivable	(96,722)
Prepaid expenses	1,219
Accounts payable and accrued liabilities	(263,402)
Compensated absences	123,173
Total Adjustments	**(218,504)**
Net Cash Provided (Used) by Operating Activities	**$ (635,824)**

NOTE 01 - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements the Redevelopment Authority of Cumberland County (the Authority) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis-for State and Local Governments.* Certain significant changes in the statements are as follows: The financial statements will include a Management's Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and, therefore, presents only the financial statements required for enterprise funds, in accordance with GASB . For these governments, basic financial statements and required supplemental information consist of:

Management's Discussion and Analysis (MD&A)
Enterprise fund financial statements consist of:
- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

Notes to Financial Statements
Required Supplementary Information other than MD&A and Supplementary Information

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has contracted with the Authority to administer certain HUD funds.

Reporting Entity

The Redevelopment Authority of Cumberland County is an autonomous organization established by ordinance on March 26, 1956, under the Urban Redevelopment Law enacted by the Commonwealth of Pennsylvania. The Authority is, by virtue of the Pennsylvania Redevelopment Law, Act of 1945, authorized to issue its revenue bonds in order to undertake programs for the voluntary repair, rehabilitation and conversion of residential housing. The members of the Board are appointed by the Cumberland County Commissioners and are not affiliated with Cumberland County and its management.

The Authority is governed by a board of directors which is essentially autonomous but is responsible to the Cumberland County Commissioners. An executive director is appointed by the Authority's Board to manage the day-to-day operations of the Authority.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the Redevelopment Authority of Cumberland County is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB 14, fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

The Authority's primary operations comprise a number of housing and grant programs as follows:

Business Activities - The Authority administers state grants, property management fees, property development, and rental properties. State grants and other government grants are used for the housing counseling programs, emergency repair programs, down payment and closing costs assistance for first-time homebuyers, as well as expansion and renovation of redevelopment properties in local communities. In addition, services are provided by the Authority related to housing for homeless and special needs, local housing options, supporting downtown communities, and managing several low-income subsidized senior housing properties.

Community Development Block Grant (CDBG) - The CDBG program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1,180 general units of local government and states.

The CDBG entitlement program allocates annual grants to larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low and moderate-income persons.

Federal HOME Grants - HOME provides formula grants to states and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to people.

Emergency Solutions Grants - The Emergency Solutions Grants (ESG) Program is designed to help improve the quality of existing emergency shelters for homeless individuals and families, make available additional emergency shelters, and meet the costs of operating emergency shelters and of providing essential social services to homeless individuals and families. The goal is for homeless persons to have access not only to safe and sanitary shelters for the homeless but also to the supportive services and other kinds of assistance they need to increase their self-sufficiency. The program is also intended to restrict the increase of homelessness through the funding of preventive programs and activities.

Community Development Block Grants: CARES (CV) - The Community Development Block Grant CARES (CDBG-CV) Act provides grants to states, insular areas, and local governments to prevent, prepare for, and respond to the spread of COVID-19.

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In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards* and Statement No. 14 and No. 61 of the *Government Accounting Standards Board, the Financial Reporting Entity.*

The organization is legally separate (can sue and be sued in their own name)
The Authority holds the corporate powers of the organization
The Authority appoints a voting majority
The Authority is able to impose its will on the organization
The organization has the potential to impose a financial benefit/burden on the Authority
There is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria and relationship between the Redevelopment Authority of Cumberland County and the City of Carlisle, the Authority has determined not to be a component unit of the City of Carlisle based on the following:

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the City of Carlisle, and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority - The Authority is governed by a seven-member Board appointed by the Mayor and has governance responsibilities over all activities related to all housing activities within the City of Carlisle.

Imposition of Will - The City of Carlisle has no influence over the management, budget, or policies of the Authority. The Authority's Board has the responsibility to significantly influence the Authority's operations.

The Authority also has no component units.

Basis of Presentation, Basis of Accounting and Measurement Focus
Basis of Accounting - The Authority uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the statement of net position. In the statement of net position, equity is classified as net position and displayed in three components:

a) Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets.
b) Restricted net position – Consists of assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
c) Unrestricted net position – All other assets that do not meet the definition of "restricted" or "net investment in capital assets".

Proprietary Fund
Enterprise Fund - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided. When both restricted and unrestricted net positions are available for use, generally it is the Authority's policy to use restricted resources first.

Budgetary Data
The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its Governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD. These budgets are adopted using a HUD outline that is not consistent with generally accepted accounting principles and are used for HUD purposes only.

Revenues and Expenses
Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority are operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned.

Operating Revenue
Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the non -operating revenue and expense.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles as applied to governmental units require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimates relate to depreciation and useful lives.

Cash and Investments
The Authority cash and cash equivalents are considered to be cash on hand, demand deposits, and short -term investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments are stated at fair value, except for U.S. Treasury Bills, which are reported at amortized cost. Investment consists of Certificates of Deposit which have an initial maturity date greater than 90 days.

Accounts Receivable
Accounts receivable consist of all amounts earned at year end and not yet received. Allowances for uncollectible accounts are based upon historical trends and periodic aging of accounts receivable.

Accounts for which no possibility of collection is anticipated are charged to bad debts expense which is netted against dwelling rent revenues on the statement of revenues, expenses, and changes in net position.

Allowance for Doubtful Accounts
Management evaluates the collectability of outstanding receivables on a regular basis and establishes an allowance for doubtful accounts based on its assessment of outstanding accounts.

Notes Receivable
The Authority has utilized development funds in accordance with HUD, the State of Pennsylvania, and Department of Community and Economic guidelines to assist in the construction and redevelopment of numerous low-income residential and commercial projects through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property; the property's ability to generate positive cash flow; and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

Capital Assets and Depreciation
Capital assets are stated at historical cost. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position. If the initial cost of a piece of equipment and/or other personal property is five thousand dollars ($5,000) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the purchased property/equipment will be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Category	Useful Life
Buildings and improvements	40 Years
Furniture and equipment	3-5 Years
Right to use assets	5 Years

Deferred Inflows/Outflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then.

Also, in addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

Inter-Program Receivables and Payables
Inter-program receivables/payables are current and are the result of management utilizing the administrative fund, as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net to zero. Inter-program receivables and payables are eliminated for financial statement purposes.

Right-of-Use Asset and Lease Liabilities
Lessees are required to recognize a lease liability and an intangible right-of-use lease asset. The lease liability is the present value of future payments expected to be made over the course of the lease, and the right-of-use lease assets are measured as the initial amount of lease liability, plus any payments made to the lessor at or before the time of commencement of the lease and minus and any lease incentives received from the lessor.

The Authority uses its risk-free rate at the commencement date in determining the present value of lease payments. Amortization of the right-of-use lease asset is recognized on a straight-line basis over the lease term.

Compensated Absences
The Authority uses the vesting method for the recording of compensated absences. Benefits are accrued as of the statement of net position date for which payment is probable. Compensated absences are those absences for which employees will be paid, such as sick and vacation leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights and benefits.

Insurance
The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. As of the date of the report, the Authority had necessary insurance coverage in force.

Board of Commissioners
The following table lists the Board Commissioners and their respective terms as of June 30, 2025:

Name	Term Expires	Position
Louis Martin	12/31/2029	Chairman
Mark Bishop	12/31/2028	Vice-Chairman
Ginny Mowery	6/19/2029	Assistant Secretary
Taryn Walters	1/31/2030	Member

In addition to the above, the Administrator of the Authority is Mary Kuna, who served as the Executive Director.

NOTE 02 - CASH AND CASH EQUIVALENTS

All the deposits of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names.

At the year ended June 30, 2025, the Authority's deposit amounted to $6,799,533. Of the bank balances held in various financial institutions, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

All deposits of the Authority are with financial institutions meeting State and Federal deposit requirements.

Interest Rate Risk - As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to maturities of 12 months or less. The Authority has no specific policy regarding interest rate risk.

Credit Risk - Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned. State statute 36-83-5 governs collateral requirements and forms of collateral under Pennsylvania State Statues. In summary, Pennsylvania law states all deposits in excess of Federal Depository Insurance shall be secured by collateral.

Authorized security for deposits enumerated under law includes direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. The Authority does not have a custodial credit risk policy that is more restrictive than state statutes.

Custodial Credit Risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority has no policy on custodial credit risk.

Concentration of Credit Risk - The Authority places no limit on the amount that it may invest in any one issuer. The Authority has no policy regarding credit risk and have the following deposit amounts at these institutions.

Cash and cash equivalents were comprised of the following as of the year ended June 30, 2025:

Unrestricted	
Checking & Money Market accounts	$ 6,799,533
Subtotal	6,799,533
Restricted	
Other restricted funds	-
Subtotal	-
Total Cash & Equivalents	**$ 6,799,533**

NOTE 03 - ACCOUNTS RECEIVABLE:

Accounts receivable at the year ended June 30, 2025, consisted of the following:

Miscellaneous receivables	$ 190,867
Accounts Receivable, Net	**$ 190,867**

NOTE 04 - CAPITAL ASSETS

A summary of changes in capital assets were as follows:

	Balance at 07/01/24	Additions	Deletions	Balance at 06/30/25
Capital assets being depreciated				
Buildings & improvements	$ 760,989	$ -	$ -	760,989
Furniture & equipment	50,535	-	-	50,535
Total assets being depreciated	811,524	-	-	811,524
Building accumulated depreciation	(626,232)	(7,078)	-	(633,310)
Equipment accumulated depreciation	(41,586)	(470)	-	(42,056)
Net capital assets being depreciated	143,706	(7,548)	-	136,158
Capital Assets, Net	**$ 143,706**	**$ (7,548)**	**$ -**	**$ 136,158**

	Balance at 07/01/24	Additions	Deletions	Balance at 06/30/25
Lease equipment	$ 45,630	$ -	$ -	$ 45,630
Accumulated amortization	(19,820)	(9,680)	-	(29,500)
SBITA, Net	**$ 25,810**	**$ (9,680)**	**$ -**	**$ 16,130**

For the year ended June 30, 2025, the Authority reported depreciation expense of $17,228.

NOTE 05 - NOTES RECEIVABLE

Notes receivable at the year ended June 30, 2025, consisted of the following:

Note receivable from Hanover Street Senior Apartments in the amount of $500,000 at 0% interest. Principal is due in full on December 31, 2036. The note is secured by real property.	$ 500,000
Note receivable from Enola Senior Housing, LP in the amount of $62,500 at 0% interest. The principal is due in one lump sum on December 31, 2038. The note is secured by real property.	62,500
Note receivable from Enola Limited Partnership at 0% interest. Payments are made from surplus cash. The principal was due in full December 31, 2022 and secured by real property. As of September 15, 2023, the Authority is working towards extending the note with a new maturity date of December 31, 2025.	86,800
Note receivable from Middlesex Ltd. Ptr. at 0% interest. Monthly payments of $17,988 have been deferred until September 1, 2025, with the balance due in full on September 1, 2040. The note is secured by real property.	535,961
Note receivable from American House at 0% interest. The balance is due in full on November 13, 2039 and secured by real property.	171,900
Note receivable from Hanover Street Senior Apartments, LP in the amount of $154,955 at 0% interest. Principal is due in one lump sum on December 31, 2037. The note is secured by real Property	154,955
Note receivable from Enola Chapel, LP in the amount of $248,500 at 0% interest. Principal is due in one lump sum on December 31, 2037. The note is secured by real property.	248,450
Note receivable in the amount of $400,000 from 3T Investors at 0% interest. Monthly payments of $666.66 began on April 20, 2010, with the balance due April 20, 2030. The note is secured by real property.	259,682
Note receivable from 3T Investors in the amount of $40,000 at 0% interest. Monthly payments of $133.33 originally beginning on August 14, 2003, with balance due July 14, 2028. The note is secured by real property.	12,933
Note receivable from 3T Investors in the amount of $200,000 at 0% interest. Monthly payments of $333.33 began on October 12, 2012, with the balance due January 8, 2029. The note is secured by real property.	145,000
Note receivable from 3T Investors in the amount of $250,000 at 0% interest. Monthly payments of $1,389 originally beginning on August 14, 2013, have been deferred, with the balance due July 14, 2028. The note is secured by real property.	63,253
Note receivable from individual at 0% interest. Monthly payments of $70 began October 1, 2005, with the balance due September 1, 2030, and secured by real property.	4,060
Note receivable from individual at 3% interest. Monthly payments of $42.39 began May 28, 2006, with the balance due on January 28, 2036, and secured by real property.	15,045
Note receivable from Hanover Street Senior Apartments, LP in the amount of $26,685 at 0% interest to assist in funding major maintenance to property. Principal repayment is due upon the sale of the property and is secured by the underlying real property.	26,685

NOTES RECEIVABLE (CONTINUED)

Note receivable from 3-T Investors, L.P. in the amount of $100,000 at a 2% interest rate with a 25 year amortization period, beginning on March 8, 2011, with payments of $423.85 due monthly. The principal balance plus any outstanding interest was originally due on February 8, 2021. On February 25, 2021, the maturity date was extended to February 8, 2031. The loan is secured by real property.	52,694
Note receivable from Everett R. Kane and Billie Jo Kane in the amount of $6,500 at an interest rate of 2% with a 7 year amortization period beginning March 22, 2011, with payments of $82.99 due monthly. The balance is due February 22, 2021, and the note is secured by real property. The Authority is in the process of pursuing collections, however, management has determined it necessary to establish an allowance for doubtful accounts for the full amount of $5,487.	5,487
Note receivable from Carlisle High Street Holdings, LLC in the amount of $248,000 at a 0% interest rate for a 50 year term, beginning May 18, 2011, with payments of $413.33 due monthly. The balance was originally due on April 18, 2021. On March 18, 2021, the loan was extended for an additional 10 years at an interest rate of 2%, with a new maturity date of April 18, 2031. The note is secured by real property.	119,152
Note receivable from Hanover Street Senior Apartments in the amount of $70,000, with monthly payments of $298.13 including interest at 2% with the balance due on December 1, 2032. The note is secured by real property.	24,897
On July 1, 2016, the Authority entered into a loan agreement with Derek & Taylor Eisenberger in the amount of $60,000. The loan bears 3.00% interest with monthly payments of $579.36 beginning August 1, 2016. The entire principal balance is due in July, 2026. The note is secured by real property.	915
On September 29, 2014, the Authority entered into an agreement with Shepherd's Crossing, L.P. in the amount of $576,418. The loan bears 0% interest, is payable from available cash flow and matures in December, 2045. The note is secured by real property.	505,260
On September 14, 2017, the Authority entered into a loan agreement with Carlisle Townhomes, LP (the "Maker") in the amount of $500,000. The loan bears 2.82% and repayment of the loan and any interest due shall be paid on an annual basis from the net cash flow of the Maker. All unpaid principal is due on the later of 30 years from completion of construction or January 1, 2049. The note is secured by real property.	500,000
On September 14, 2017, the Authority entered into a second loan agreement with the Maker in the amount of $50,000. The loan bears no interest and repayment of the loan shall be paid on an annual basis from the net cash flow of the Maker. All unpaid principal is due on the later of 30 years from completion of construction or January 1, 2049. The note is secured by real property.	50,000
Note receivable within the SBLP at 0% interest. The balance is due in full on an unknown date and secured by real property.	276,300

NOTES RECEIVABLE (CONTINUED)

Note receivable within the CCSSR at 0% interest. The balance is due in full on an unknown date and secured by real property.	177,574
Note receivable within the USCR at 0% interest. The balance is due in full on an unknown date and secured by real property.	827,274
Note receivable at 0% interest. The balance is due in full on an unknown date and secured by real property.	26,832
Note receivable at 0% interest. The balance is due in full on an unknown date and secured by real property.	250,000
Note receivable at 0% interest. The balance is due in full on an unknown date and secured by real property.	190,995
Allowance for uncollectible amount	(393,095)
Total Notes Receivable	**$ 4,901,509**

NOTE 06 - LONG-TERM DEBT

Long-term debt at the year ended June 30, 2023, consisted of the following:

Pennsylvania Department of Community & Economic Development	
Mortgage payable to Pennsylvania Department of Community & Economic Development at 0%. Payments are made from surplus cash, if available. Principal due in full 2035. The loan is secured by real property.	$ 93,750
Pennsylvania Department of Community & Economic Development	
Mortgage payable to Pennsylvania Department of Community & Economic Development at 0%. Principal due in full September 1, 2025. The loan is secured by real property.	535,961
Pennsylvania Department of Community & Economic Development	
Mortgage payable to Pennsylvania Department of Community & Economic Development at 0%. Annual payments of $3,440 scheduled to begin in 2010, have been deferred for an additional 15 years. Principal due in full in 2040. The loan is secured by real property.	171,900
Borough of Carlisle	
Loan payable to Borough of Carlisle at 0% interest. Monthly payments of $133 began August 13, 2003 with the balance due in full July 13, 2028 and secured by real property.	9,467
Total Debt	**$ 811,078**

Annual debt service for principal and interest over the next five years and in five years increments is as follows:

Year Ended June 30,		Principal	Interest	Total
	2026	$ 3,192	$ -	$ 3,192
	2027	1,596	-	1,596
	2028	4,679	-	4,679
	2029	-	-	-
	2030	-	-	-
2031	2035	629,711	-	629,711
2036	2040	171,900	-	171,900
		$ 811,078	$ -	$ 811,078

NOTE 07 - RIGHT-OF-USE ASSET AND LEASE LIABILITY

Copier Lease Payable

On November 29, 2021, the Authority entered into a lease agreement as a lessee for three copy machines. The term of the lease is 63 payments, commencing on November 29, 2021 and terminating on February 28, 2027. Lease payments in the amount of $825 are due monthly. The lease has an implicit interest rate of 5%.	$ 15,800
Total SBITA	**$ 15,800**

Annual lease payments for principal and interest over the next two years is as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 9,322	$ 578	$ 9,900
2027	6,478	122	6,600
	$ 15,800	$ 700	$ 16,500

NOTE 08 - OTHER NON-CURRENT LIABILITIES

The following is a summary of the activity for non-current liabilities for the year ended June 30, 2025:

	Balance at 07/01/24	Additions	Deletions	Balance at 06/30/25	Due within One Year
Compensated absences	$ 37,342	$ 166,116	$ (42,943)	$ 160,515	$ 16,052
Debt	814,178	-	(3,100)	811,078	3,192
Lease liability	24,668	-	(8,868)	15,800	9,322
Total	$ 876,188	$ 166,116	$ (54,911)	$ 987,393	$ 28,566

NOTE 09 - NET POSITION

Net position defined in the notes have been calculated as follows:

Capital assets, net	$ 136,158
Right to use leased assets, net	16,130
Related debt	(811,078)
Related SBITA payable	(15,800)
Net Investment in Capital Assets	**$ (674,590)**

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Legal: The Authority is party to no pending or threatened legal actions arising from the normal course of its operations.

Grants and Contracts: The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of the year ended June 30, 2025, the Authority estimates that no material liabilities will result from such audits.

NOTE 11 - RELATED PARTY TRANSACTIONS

The sole related party associated with the Authority is the Housing Authority of Cumberland County (the Housing Authority), which is a distinct and separate entity under common control. There is an administrative agreement for the Housing Authority to utilize Authority employees. The Housing Authority reimburses the Authority on a monthly basis as it is the Authority's policy to settle these outstanding obligations monthly. Any outstanding advances are interest free, unsecured and due upon demand.

NOTE 12 - PENSION PLAN

The Authority provides a defined contribution pension plan (the Plan) for eligible full-time employees under Section 401(a) of the Internal Revenue Code. An employee may begin contributing to the Plan immediately upon hire. After one year of employment, the Authority contributes 20% of the employee's annual contribution to the Plan. After two years of employment, the Authority contributes 50% of the employee's annual contribution to the Plan. The Authority will match up to a maximum of 7% of gross wages. For the year ended June 30, 2025, the Authority's portion amounted to $57,330, which has been charged to the employee fringe benefit account.

NOTE 13 - CHANGE TO BEGINNING NET POSITION

The Authority in response to the prior year finding corrected several accounts related to intercompany during the current year resulting in a correction of an error in the beginning net position balance by an increase of $310,273.

NOTE 14 - SUBSEQUENT EVENTS

Management evaluated the activity of the Authority through March 3, 2026, (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

Redevelopment Authority of Cumberland County

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

	Assistance Listing Number(s)	Award Type	Expenditures
U.S. Department of HUD			
Pass-Through Programs From:			
Borough of Carlisle, PA - CDBG Entitlement Grants:			
Community Development Block Grants/Entitlement Grants	14.218	Indirect	$ 564,171
County of Cumberland, PA - CDBG Entitlement Grants:			
Community Development Block Grants/Entitlement Grants	14.218	Indirect	1,514,225
CDBG-Entitlement/Special Purpose Grants Cluster			**2,078,396**
County of Cumberland, PA - HOME Investment Partnership Program			
HOME Investment Partnerships Program	14.239	Indirect	462,988
Commonwealth of PA Dept. of Community and Economic Development			
Emergency Solutions Grant	14.231	Indirect	238,072
Totals U.S. Department of HUD: Pass-Through Programs			**2,779,456**
Total Expenditures of Federal Awards			**$ 2,779,456**

Award Type	
Direct	$ -
Indirect	$ 2,779,456

NOTE 01 - SCOPE OF PRESENTATION

The accompanying schedule presents the expenditures incurred (and related awards received) by the Redevelopment Authority of Cumberland County (the Authority) that are reimbursable under federal programs of federal agencies providing financial assistance and state awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal or state funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal or state reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

NOTE 02 - BASIS OF ACCOUNTING

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

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NOTE 03 - SUBRECIPIENTS

During the fiscal year ended June 30, 2025, the Redevelopment Authority of Cumberland County disbursed the following amounts to the listed agencies.

Subrecipient	ALN	Amount
A & K SETTLEMENT, LLC		$ 10,000
American House		2,944
Baric Scherer LLC		1,786
Beams Carpet House Inc/Beams Carpet & Flooring		39,746
BOROUGH OF MECHANICSBURG		103,387
BOROUGH OF SHIPPENSBURG		9,253
Brethren House		188
Brianna Miller		241
Carlisle United Methodist Church		33,570
Central PA Family Supportive Services		20,000
Central Penn Land Transfer LLC		3,000
Column Software PBC		2,057
CPA Pavement Services Inc.		64,793
Domestic Violence Services		102,621
East Pennsboro Township		82,500
ELITE CUSTOM ROOFING INC		8,400
ENOLA CHAPEL		146
Gracefully Made Co. LLC DBA Fisher's Florist & Green House		105,000
Greater Harrisburg Association of Realtors		60
GUARDIAN TRANSFER		3,000
Hilton's Lock Service Inc DBA Hilton's Electronic Security		2,283
Hope Station Opportunity Area Neighborhood Council		14,995
Key Painting & Decorating LLC		10,455
Kurt Tadich dba Flood City Security		70,000
LEMOYNE BOROUGH		9,433
Lower Allen Township		85,000
MEDARD'S HOUSE		172,376
Michael Baker International, Inc		45,864
Mount Holly Springs Borough		12,877
New Hope Ministries, Inc		125,000
NEWPORT HOTEL		2,159
NEWPORT SQUARE		2,047
ONE80 MINISTRIES		30,993
R/A Admin		184,009
R/A LOCAL FUND UNRESTRICTED		2
Safe Harbour, Inc		275,633
Shamrock Settlement Services		3,000
SHIPPENSBURG TOWNSHIP		23,526
Sprocket Mural Works Inc		12,000
Summer Program for Youth DBA Supportive Partnerships for Youth (SPY)		20,000
TURNER & SONS PAINTING		18,290
UC CDBG		13
WILLIAM FLANNERY		62
County Subtotal	14.218	**$ 1,712,707**

Subrecipient	ALN	Amount
Baric Scherer LLC		$ 539
Borough of Carlisle		464,132
Chester W Baughman dba Baughman's Construction		5,000
Column Software PBC		824
Hope Station Opportunity Area Neighborhood Council		31,613
Michael Baker International, Inc		5,110
R/A Admin		26,844
TURNER & SONS PAINTING		9,270
WILLIAM FLANNERY		7
Borough Subtotal	14.218	**$ 543,339**
Grand Total Amount Sub Awarded		**$ 2,256,046**

NOTE 04 - INDIRECT COST RATE

The Authority elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.

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Board of Commissioners
Redevelopment Authority of Cumberland County
Carlisle, PA

Report on 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*

Independent Auditors' Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Redevelopment Authority of Cumberland County as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Redevelopment Authority of Cumberland County basic financial statements, and have issued our report thereon dated March 3, 2026.

Report on Internal Control over Financial Reporting
In planning and performing our audit, we considered the Redevelopment Authority of Cumberland County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Redevelopment Authority of Cumberland County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Redevelopment Authority of Cumberland County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Redevelopment Authority of Cumberland County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Redevelopment Authority of Cumberland County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Redevelopment Authority of Cumberland County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith Mariani LC

March 3, 2026

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Board of Commissioners
Redevelopment Authority of Cumberland County
Carlisle, PA

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditors' Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the Redevelopment Authority of Cumberland County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Redevelopment Authority of Cumberland County's major federal programs for the year ended June 30, 2025. The Redevelopment Authority of Cumberland County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Redevelopment Authority of Cumberland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Redevelopment Authority of Cumberland County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Redevelopment Authority of Cumberland County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Redevelopment Authority of Cumberland County's federal programs, could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Redevelopment Authority of Cumberland County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Redevelopment Authority of Cumberland County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Redevelopment Authority of Cumberland County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Redevelopment Authority of Cumberland County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Redevelopment Authority of Cumberland County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Smith Marinello

March 3, 2026

Section I — Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal controls over financial reporting:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None Reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None Reported
Type of auditors' report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No

Identification of major federal programs:

ALN(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as a low-risk auditee	Yes

Section II — Financial Statement Findings

No findings.

Section III — Federal Awards Findings

No findings to reported under 2CFR200 Section 516(a) of the Uniform Guidance.

Financial Statement Findings

Prior Year Findings Number	Findings Title	Status/ Current Year Findings Number
N/A	There were no prior findings reported	N/A

Federal Award Findings and Questioned Costs

Prior Year Findings Number	Findings Title	Status/ Current Year Findings Number
N/A	There were no prior findings reported	N/A