HOUSING & REDEVELOPMENT AUTHORITIES OF CUMBERLAND COUNTY

Better Places, Better Lives

Financial Statements & Independent Auditors' Report

For the Year Ended June 30, 2025

smithmarion

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Board of Commissioners
Housing Authority of the County of Cumberland
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 Housing Authority of the County of Cumberland, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland, 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 Housing Authority of the County of Cumberland, 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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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,* and statement and certification of actual costs, 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 January 14, 2026, on our consideration of the Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland's internal control over financial reporting and compliance.

Smith Mariani & Co

January 14, 2026

Housing 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

Low Income Public Housing: The Authority owns and manages 208 units of public housing. Operating assistance is provided by the U.S. Department of Housing and Urban Development ("HUD") to cover Housing Authority expense in excess of tenant rents. Tenant rents are capped at 30% of tenant income or in some cases, a flat rent that approximates the fair market rent for the area.

Section 8 Housing Choice Vouchers: The Authority has a Housing Assistance Payment (HAP) contract to provide rental assistance to 1,331 households in Cumberland and Perry Counties. HUD

provides funds to the Authority to subsidize rents for low-income tenants who are leasing from private landlords monitor the lease-up based on available funding.

Section 8 Moderate Rehabilitation SRO Program (MR-SRO)
This program provides rental assistance to twelve (12) households residing in three (3) structures. All units are owned by private non-profit corporations. In all structures, there are shared kitchen and bath facilities.

Shelter Plus Care Program (S+C)
S+C provides twenty-six (26) units of permanent, subsidized housing for homeless individuals and families with a mental health or chronic substance abuse disability. This program operates in Cumberland and Perry counties and participants rent from private landlords in an amount not to exceed 30% of their income. The balance of the rent is covered by the subsidy.

Capital Fund Program (CFP)
This program provides an annual grant to the Authority for the modernization and operations of Public and Indian Housing.

Revolving Homeownership Program (RHO)
These funds are generated when the Authority sells homeownership properties. The funds are then used to support additional homeownership initiatives for low and/or moderate-income households.

Emergency Rental Assistance Program (ERA)
The funding provided by the ERA programs will among other things, assist eligible households that have difficulty making timely payments of rent and utilities due to the COVID-19 pandemic. There are two ERA programs, which are ERA 1 and ERA 2. The programs will provide financial assistance including payment of rent, rental arrears, utilities, home energy costs, utilities and home energy costs arrears and other costs related to housing, and housing stability ell as cover the costs for other affordable rental housing and eviction prevention activities for eligible households.

Continuum of Care Program (CoC)
The CoC program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and Local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Family Self-Sufficiency Program (FSS)

The purpose of the FSS program is to enable HUD-assisted families to increase their earned income and reduce their dependency on welfare assistance and rental subsidies.

Financial Position and Analysis

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

Table 1 - Entity-Wide Balance Sheet Comparison

	2025	2024	Increase (Decrease)	Percent Variance
Assets				
Cash & cash equivalents	$ 4,202,199	$ 4,078,705	$ 123,494	3.03%
Other Current Assets	234,002	523,810	$ (289,808)	-55.33%
Noncurrent Assets	2,926,351	3,266,349	$ (339,998)	-10.41%
Total Assets	7,362,552	7,868,864	$ (506,312)	-6.43%
Liabilities				
Current Liabilities	1,358,664	1,904,896	$ (546,232)	-28.68%
Noncurrent Liabilities	95,165	245,578	$ (150,413)	-61.25%
Total Liabilities	1,453,829	2,150,474	$ (696,645)	-32.39%
Net Position				
Net Investment in Capital Assets	2,807,662	2,969,325	$ (161,663)	-5.44%
Restricted Net Position	698,045	-	$ 698,045	100.00%
Unrestricted Net Position	2,403,016	2,749,065	$ (346,049)	-12.59%
Total Net Position	$ 5,908,723	$ 5,718,390	$ 190,333	3.33%

Cash and Cash Equivalents increased by $123,494 or 3.03 percent mainly due to HAP revenues in excess of HAP expenses in the Housing Choice Voucher Program.

Other Current Assets decreased by $289,808 or 55.33 percent. This is mostly due to reductions in tenant receivables and affiliate receivables.

Current Liabilities decreased by $546,232 or 28.68 percent. This is mainly due to reduction in affiliate related payables and clearing of historic payment in lieu of taxes liabilities.

Noncurrent Liabilities decreased by $150,413 or 61.25 percent. This is due to payments on long term debt in the form of a lease.

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	$15,270,393	$14,326,774	$ 943,619	6.59%
Operating Expenses	15,239,207	15,001,498	$ 237,709	1.58%
Total Operating Income (Loss)	31,186	(674,724)	$ 705,910	-104.62%
Non-Operating Revenues & Expenses, Net	159,147	30,661	$ 128,486	419.05%
Income (Loss) in Net Position	190,333	(644,063)	$ 834,396	-129.55%
Net Position, Beginning of year	5,718,390	6,362,453	$ (644,063)	-10.12%
Net Position, End of year	$ 5,908,723	$ 5,718,390	$ 190,333	3.33%

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)				
Tenant Revenue	$ 800,559	$ 673,679	$ 126,880	18.83%
Government Operating Grants	14,238,031	13,380,110	$ 857,921	6.41%
Other Income	231,803	272,985	$ (41,182)	-15.09%
Total Operating Income (Loss)	15,270,393	14,326,774	$ 943,619	6.59%
Non-Operating Revenues (Loss)				
Public Housing Capital Fund	117,005	5,854	$ 111,151	1898.72%
Interest Expense	(8,230)	(14,720)	$ 6,490	0.00%
Interest Income	50,372	39,527	$ 10,845	27.44%
Total Non-Operating Revenues (Losses)	159,147	30,661	$ 128,486	419.05%
Total Revenue (Loss)	$ 15,429,540	$ 14,357,435	$ 1,072,105	7.47%

Capital Funds increased by $111,151 or 1,898.72 percent due to increased capital purchases through the capital grants and utilization of grants for soft cost expenditures.

Government Operating Grants increased by $857,921 or 6.41 percent. This increase was due to additional Section 8 HAP funding received.

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

Table 4 - Entity-Wide Expense Comparison

	2025	2024	Increase (Decrease)	Percent Variance
Administrative	2,548,407	2,377,819	170,588	7.17%
Tenant Services	-	600	(600)	-100.00%
Utilities	267,699	297,919	(30,220)	-10.14%
Maintenance	767,479	893,943	(126,464)	-14.15%
Protective Services	20	-	20	100.00%
Insurance	78,583	149,390	(70,807)	-47.40%
General & Misc Expense	32,750	411,328	(378,578)	-92.04%
Housing Assistance Payments	11,040,146	10,224,719	815,427	7.98%
Depreciation Expense	504,123	645,780	(141,657)	-21.94%
Total Operating Expenses	$ 15,239,207	$ 15,001,498	$ 237,709	1.58%

Administrative increased by $170,588 or 7.17% primarily due to increased costs for salaries, benefits and operating costs.

General & Misc decreased by $378,578 or 92.04% primarily due to fewer grant expenses in Low Income Public Housing program.

Housing Assistance Payments increased by $815,427 or 7.98% primarily due to an increase in Section 8 Program HAP costs.

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public Housing and Housing Choice Voucher are adopted on the basis of accounting described by HUD, which differs in some respects from generally accepted accounting principles.

Low-Income Public Housing Budgetary Highlights

Table 5 - Low Income Public Housing Program - Actual vs. Budget

	Budget	Actual	Variance Favorable (Unfavorable)	Percent Variance Favorable (Unfavorable)
Operating Revenue				
Rental income	$ 850,000	$ 820,549	$ (29,451)	-3.46%
Operating subsidy	1,000,000	995,837	(4,163)	-0.42%
Interest income	35,000	35,482	482	1.38%
Other income	15,000	41,634	26,634	177.56%
Total Revenue	1,900,000	1,893,502	(6,498)	-0.34%
Expenses				
Administrative	850,000	990,616	(140,616)	-16.54%
Tenant Services	2,000	-	2,000	100.00%
Utilities	250,000	267,250	(17,250)	-6.90%
Maintenance	700,000	767,147	(67,147)	-9.59%
Interest expense	10,000	8,230	1,770	17.70%
General Expenses	88,000	97,973	(9,973)	-11.33%
Total Expenses	1,900,000	2,131,216	(231,216)	-12.17%
Income Over (Under) Expenses	$ -	$ (237,714)	$ (237,714)	100.00%

Other Income was over budget by $26,634 or 177.56 percent. This variance is due to additional tenant charges in Low Income Public Housing that was not accounted for in the budget.

Administrative Expenses were over budget by $140,616 or 16.54 percent due to costs incurred related to the salaries and benefits in the program.

Table 6 - Housing Choice Voucher Program - Actual vs. Budget

	Budget	Actual	Variance Favorable (Unfavorable)	Percent Variance Favorable (Unfavorable)
HAP grant revenue	$10,000,000	$10,723,490	$ 723,490	7.23%
Admin fee	1,300,000	1,319,569	$ 19,569	1.51%
Interest income	10,000	12,397	2,397	23.97%
Other income	100,000	96,355	(3,645)	-3.65%
Total revenue	11,410,000	12,151,811	741,811	6.50%
Expenses				
Administrative	1,375,000	1,321,808	53,192	3.87%
General expense	35,000	10,661	24,339	69.54%
HAP expense	10,000,000	10,135,757	(135,757)	-1.36%
Total expenses	11,410,000	11,468,226	58,226	-34.00%
Income Over (Under) Expenses	$ -	$ 683,585	$ 683,585	100.00%

HAP grant revenue is in excess of budgeted amounts by $723,490 or 7.23% due to increased funding received for HAP payments to landlord.

Administrative expense is over budget by $53,192 or 3.87 percent due to increased allocated costs in the Housing Choice Voucher Program.

Capital Assets

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

Table 7 - Summary of Entity-Wide of Capital Asset Activity

	2025	2024	Increase (Decrease)	Percent Variance
Land	$ 597,465	$ 597,465	$ -	0.00%
Buildings and Improvements	$19,577,496	$19,370,307	207,189	1.07%
Furniture and Equipment	$ 658,755	$ 623,635	35,120	5.63%
Construction in Progress	117,005	195,189	(78,184)	-40.06%
	20,950,721	20,786,596	164,125	0.79%
Less: accumulated depreciation	(18,024,370)	(17,520,247)	(504,123)	2.88%
Capital Assets, Net	$ 2,926,351	$ 3,266,349	$(339,998)	-10.41%

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

- The Department of Housing and Urban Development (HUD) has historically been underfunded to meet the subsidy needs of Public Housing Authorities (PHAs). We do not expect this trend to change.

- The new presidential administration and the impact on funding and operations from reductions in staff levels at HUD.

- Even if HUD were fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. Further, increased funding for the Departments of Defense and Homeland Security may result in reduced appropriations for all other domestic program spending.

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:

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

Housing Authority of the County of Cumberland

Statement of Net Position

June 30, 2025

ASSETS	
Current Assets	
Cash and equivalents	
Unrestricted	$ 2,347,928
Restricted	1,854,271
Subtotal Cash	**4,202,199**
Accounts receivable, net	172,371
Prepaid expenses	61,631
Total Current Assets	**4,436,201**
Non-Current Assets	
Capital assets not being depreciated	714,470
Capital assets, net	2,211,881
Total Non-Current Assets	**2,926,351**
TOTAL ASSETS	**7,362,552**
LIABILITIES	
Current Liabilities	
Accounts payable	47,858
Tenant security deposits	72,233
Unearned revenue	1,109,143
Compensated absences, current	10,593
Debt - current portion	118,689
Other liabilities	148
Total Current Liabilities	**1,358,664**
Non-Current Liabilities	
Compensated absences, non-current	91,924
Funds held in trust	3,241
Total Non-Current Liabilities	**95,165**
TOTAL LIABILITIES	**1,453,829**
NET POSITION	
Net Investment in capital assets	2,807,662
Restricted	698,045
Unrestricted	2,403,016
TOTAL NET POSITION	**$ 5,908,723**

Housing Authority of the County of Cumberland

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2025

REVENUES	
Operating Revenues	
Tenant rental revenue, net of collection losses	$ 800,559
Operating grants and subsidies	14,238,031
Other revenues	231,803
Total Operating Revenues	**15,270,393**
EXPENSES	
Operating Expenses	
Administration	2,548,407
Utilities	267,699
Ordinary maintenance and operations	767,479
Protective services	20
Insurance expense	78,583
Other general expenses	32,750
Housing Assistance Payments	11,040,146
Depreciation	504,123
Total Operating Expenses	**15,239,207**
NET OPERATING INCOME (LOSS)	**31,186**
NONOPERATING REVENUES (EXPENSES)	
Interest income	50,372
Interest expense	(8,230)
TOTAL NONOPERATING REVENUES (EXPENSES)	**42,142**
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	**73,328**
Capital Contributions and Transfers	
Capital grants - HUD	117,005
Total Capital Contributions and Transfers	**117,005**
CHANGE IN NET POSITION	**190,333**
NET POSITION - BEGINNING	**5,718,390**
NET POSITION - ENDING	**$ 5,908,723**

See notes to financial statements

Housing Authority of the County of Cumberland

Statement of Cash Flows

For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants for rent	$ 1,081,779
Cash received from grantors	14,476,724
Cash paid for housing assistance payments	(11,040,146)
Cash paid for goods and services	(2,936,317)
Cash paid to & on behalf of employees for services	(1,275,233)
NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES	**306,807**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(164,125)
Payments on capital debt	(186,565)
Capital contributions	117,005
NET CASH FLOW PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	**(233,685)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	50,372
(Purchase) or redemption of Certificates of Deposit	82,010
NET CASH FLOW PROVIDED (USED) BY INVESTING ACTIVITIES	**132,382**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**205,504**
BEGINNING CASH AND CASH EQUIVALENTS	**3,996,695**
ENDING CASH AND CASH EQUIVALENTS	**$ 4,202,199**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ 31,186
Non-Cash Adjustment	
Depreciation	504,123
Change in Assets & Liabilities	
Accounts/grants receivable	333,380
Prepaid expenses	(43,572)
Accounts payable and accrued liabilities	(40,060)
Compensated absences	(19,053)
Unearned revenue	(36,707)
Other liabilities	(426,825)
Tenant security deposits	4,335
Total Adjustments	**275,621**
Net Cash Provided (Used) by Operating Activities	**$ 306,807**

NOTE 01 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of the Housing Authority of the County of Cumberland (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 supplemental information other than MD&A and supplemental 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 Authority was created and organized under the provisions of the Housing Authority Law of 1937, by the Commonwealth of Pennsylvania. Members of the Board of Housing Commissioners are appointed by the County of Cumberland and have complete authority over the operations and administration of the Authority's activities subject to certain guidelines of the Department of Housing and Urban Development. Accordingly, HUD has entered into various contracts with the Authority for the purpose of constructing, owning and operating public housing facilities.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under provisions of this statement, the Housing Authority of the County of Cumberland 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:

The **Public Housing Program** operates under HUD's Annual Contribution Contract and consists of the operations of low rent public housing properties. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. The properties are acquired, developed, and modernized under HUD's Capital Fund Program. Funding of the program is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

The **Housing Choice Voucher Program** provides rental housing assistance subsidies. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are owned, maintained, and managed by private landlords.

The **Capital Fund Program** accounts for the capital and management improvement activities, primarily for the modernization and development of low-rent public housing units.

The **Resident Opportunity and Self-Sufficiency** (ROSS) provide service coordination for education, life skills training, job readiness counseling, resume development, and career planning.

The **Business Activities** (BA) the Authority administers a revolving homeownership program under an approved plan from HUD. The funds are used to promote homeownership for first-time low and moderate income households. The funds are usually provided to a private non-profit organization as part of a public financing package, which allows them to acquire and rehabilitate houses or to construct new houses. The houses are then sold to income-eligible households at affordable prices. In limited instance, the funds are provided to the non-profit organization as a grant, rather than a loan. The revolving funds are also used by the Authority to acquire houses throughout the County which it rehabilitates for income-eligible first time buyers.

The **Section 8 Moderate Rehabilitation Program – Single Room Occupancy** provides for the rehabilitation of housing units, which then must be rented to low-income individuals for a contracted period of time. Both for profit and non-for-profit developers may participate in this program. Under this program, developers must obtain their own rehabilitation financing and HUD subsidizes rents once the units are occupied in such amounts sufficient to cover the developers' debt service payments on the financing.

The **Emergency Rental Assistance Program** (ERA) provides among other things, assistant eligible households that have difficulty making timely payments of rent and utilities. There are two ERA programs, they are ERA1 and ERA2. The programs will provide financial assistance including payments of rent, rental arrears, utilities, home energy costs, utilities and home energy costs arrears and other costs related to housing, and housing stability services to eligible household, as well as cover the costs for other affordable rental housing and eviction prevention activities for eligible households.

The **Continuum of Care Program** (CARL) is a Permanent Supportive Housing Program within the County's Continuum of Care. The program is funded by HUD. The goal is to provide stable housing for homeless/chronically homeless households to allow them to achieve stability and self-sufficiency in all areas of their lives.

The Redevelopment Authority of Cumberland County (CCHRA) is an entity under common control with the Authority. The Authority utilizes employees from CCHRA and reimburses CCHRA monthly for the employees' salaries, payroll taxes, and benefits.

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 Housing Authority of the County of Cumberland and the County of Cumberland, the Authority has determined not to be a component unit of the County based on the following:

Financial Accountability – The Authority is responsible for its debts, does not impose a financial burden on the County of Cumberland, 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 County of Cumberland.

Imposition of Will – The County of Cumberland 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.

The Board

Name	Term Expires	Position
Mark E Bishop	5/25/2026	Chairman
Matt Tuckey	10/22/2029	Commissioner
Taryn Walters	1/31/2030	Commissioner
Deborah (Deb) J. Kelly	5/25/2028	Commissioner
Marlene (Penny) Palmer	6/19/2029	Commissioner

In addition to the above Commissioners, the Administrator of the Authority is Mary Kuna, who serves on the Board as Secretary and is the Executive Director. Based upon the above criteria all the operations of the Authority are included in these financial statements and there are no operations or component units which have been excluded in this report.

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. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

In accordance with GASB standards dwelling income has been netted with bad debt expense of $19,990. Collection losses on accounts receivable are expended, in the appropriate Fund, on the specific write-off method.

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's 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 consists 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.

Amounts due from other housing authorities related to Housing Choice Voucher Port In vouchers are deemed by management as fully collectible and no allowance has been established for those types of accounts receivable.

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 ten thousand dollars ($10,000) 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	20-40 Years
Furniture and equipment	3-5 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. The Authority has no deferred outflows of resources.

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. The Authority has no deferred inflows of resources.

Inter-Program Receivables and Payable
Cash settlements are made periodically, and all inter-program balances net to zero. In accordance with GASB inter-program receivable and payable are eliminated for financial statement purpose. Also, any inter-company revenues, expenses or transfers have also been eliminated from the basic financial statements.

Unearned Revenues
Represent tenant rents paid in advance of rental period and also grant advances received before expenses for the related grant have been incurred.

Compensated Absences
Compensated absences is the balance of unused vacation days. The Authority's personnel policy stipulates vacation time allotted to the Authority personnel on an annual basis. Vacation pay earned by the Authority personnel during each fiscal year is charged to operations. The Authority provides for an accrual of unused vacation time (accrued compensated absences.) Leave accrued, but not yet paid as of the year ended June 30, 2025, is shown as a liability between current and noncurrent.

Inventory
The Authority utilizes the consumption method of accounting for its inventory. Obsolete inventory is charged to operations annually. Inventory is stated at the lower of cost or market value using the FIFO (first -in, first-out) method. The Authority provides for an allowance for obsolete inventories based on management's review of inventory condition at fiscal year-end.

Dwelling Rental
Rents charged to Authority tenants under lease agreements, in accordance with HUD guidelines, are based on percentages of family income levels, and accordingly may not represent fair market rent. Residents may opt to pay a flat rent under HUD guidelines. Leases may be cancelled by the tenant at any time however the Authority may cancel the lease only for cause.

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.

Fair Market Value
Accounting pronounces define fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. These pronouncements established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.
Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs that are observable or can be corroborated by observable market data.
Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The estimated fair value of the Authority's financial instruments has been determined by management using available market information. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the fair values are not necessarily indicative of the amounts that the Authority could be realized in a current market exchange. The use of different market assumptions may have a material effect on the estimated fair value amounts.

The carrying amounts of cash and cash equivalents, receivables, payables, and accrued liabilities are a reasonable estimate of their fair value, due to their short-term nature and method of computation. All financial assets that are measured at fair value on a recurring basis (at least annually) have been segregated into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. All of the Authority's investments consist of Certificates of Deposit valued using level 2 inputs.

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 $4,202,199. 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.

Types of investment, which are authorized to be made with the Authority's funds, are controlled by State of Pennsylvania statutes and by contract with HUD. Investments are limited to issues having maturities of three years or less, and may include the following:

Backed by the full faith and credit of the United States Government, or
Backed by guarantee of principal and/or interest by the United States Government, or
Backed by a Government-sponsored agency, or
Covered by the Federal Deposit Insurance Corporation, or
Backed by full collateralization with approved securities.

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. Federal guidance governs collateral requirements and forms of collateral under authorities. In summary, guidance 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.

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

Unrestricted	
Checking & Money Market accounts	$ 2,347,928
Subtotal	2,347,928
Restricted	
Security deposits - tenants	72,233
Family Self Sufficiency deposits	3,241
Housing Assistance Payments	698,045
Other restricted funds	1,080,752
Subtotal	1,854,271
Total Cash & Equivalents	**$ 4,202,199**

NOTE 03 – ACCOUNTS RECEIVABLE

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

Tenant receivables	$ 192,901
Allowance for receivables	(20,530)
Net receivable	172,371
Accounts Receivable, Net	**$ 172,371**

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 not being depreciated				
Land	$ 597,465	$ -	$ -	$ 597,465
Construction in progress	195,189	117,005	(195,189)	117,005
Capital assets not being depreciated	792,654	117,005	(195,189)	714,470
Capital assets being depreciated				
Buildings & improvements	19,370,307	207,189	-	19,577,496
Furniture & equipment	623,635	37,122	(2,002)	658,755
Total assets being depreciated	19,993,942	244,311	(2,002)	20,236,251
Building accumulated depreciation	(16,935,947)	(490,393)	-	(17,426,340)
Equipment accumulated depreciation	(584,300)	(13,730)	-	(598,030)
Net capital assets being depreciated	2,473,695	(259,812)	(2,002)	2,211,881
Capital Assets, Net	**$ 3,266,349**	**$ (142,807)**	**$ (197,191)**	**$ 2,926,351**

For the year ended June 30, 2025, the Authority reported depreciation expense of $504,123.

Construction in progress is composed of expenditures related to major renovations of certain buildings owned by the Authority. These renovations are expected to be fully financed by grants from HUD. All Public Housing land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interest of the federal government.

NOTE 05 – 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	$ 121,570	$ 15,634	$ (34,687)	$ 102,517	$ 10,593
FSS escrow	16,139	-	(12,898)	3,241	-
Debt	297,024	-	(178,335)	118,689	118,689
Total	$ 434,733	$ 15,634	$ (225,920)	$ 224,447	$ 129,282

NOTE 06 – DEBT

The Authority has the following direct borrowing agreements as of the year ended June 30, 2025:

U.S. National Bank Loan

The Authority has entered into a Master Equipment direct borrowing agreement with PNC Equipment Finance and U.S. National Bank on September 29, 2010, for a total amount of $1,897,811. Interest is daily periodic rate to the principal balance in the account each day. The agreement matures on February 28, 2026, and is secured by the underlying equipment.	$ 118,689
Total debt	$ 118,689

The following is a schedule of required principal and interest payments for the next five years:

Year Ended June 30,	Principal	Interest	Total
2026	$ 118,689	$ 8,230	$ 126,919
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
	$ 118,689	$ 8,230	$ 126,919

NOTE 07 – NET POSITION

The Authority calculated the following net position based on GASB pronouncements as follows:

Capital assets not being depreciated	$ 714,470
Capital assets, net	2,211,881
Related debt	(118,689)
Net Investment in Capital Assets	**$ 2,807,662**
Restricted cash	$ 1,854,271
Unearned grants	(1,080,752)
Security deposit liability	(72,233)
FSS escrow liability	(3,241)
Restricted Net Position	**$ 698,045**

NOTE 08 – 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 participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of the year ended June 30, 2025.

The Section 8 Housing Choice Voucher Program (the Program) under the implementation of the Consolidated Appropriations Act 2005, Funding Provisions for the Housing Choice Voucher Program, changed the funding methodology, and in addition the Authority, is no longer required to complete a settlement statement. As a result, in accordance with GASB Statement No. 33 and PIH Notice 2009-9, the cumulative amount of unspent Housing Assistance Payment subsidy as of the year ended June 30, 2025, is being reflected in restricted net position in the basic financial statements.

Capital Fund: The Authority receives capital funding each year for ongoing capital improvements, and repairs and maintenance.

NOTE 09 – ECONOMIC DEPENDENCE

The Authority receives approximately 90% of funds used for affordable housing activities from HUD.

NOTE 10 – SUBSEQUENT EVENTS

Management evaluated the activity of the Authority through January 14, 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.

Housing Authority of the County of Cumberland

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			
Housing Choice Vouchers	14.871	Direct	$ 12,043,059
Total Housing Voucher Center Cluster			**12,043,059**
Low Rent Public Housing	14.850	Direct	887,214
Public Housing Capital Fund Program	14.872	Direct	225,628
Continuum of Care Program	14.267	Direct	867,723
PIH Family Self-Sufficiency Program	14.896	Direct	10,743
Shelter Plus Care	14.238	Direct	81,105
Totals U.S. Department of HUD			**14,115,472**
U.S. Department of Treasury			
Passed Through County of Cumberland Pennsylvania			
Emergency Rental Assistance	21.023	Indirect	239,564
Totals U.S. Department of Education			**239,564**
Total Expenditures of Federal Awards			**$ 14,355,036**

Award Type	
Direct	$ 14,115,472
Indirect	$ 239,564

NOTE 01 – SCOPE OF PRESENTATION

The accompanying schedule presents the expenditures incurred (and related awards received) by the Housing Authority of the County of Cumberland (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.

NOTE 03 – SUBRECIPIENTS

During the fiscal year ended June 30, 2025, the Authority disbursed no Federal funds to subrecipients.

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.

Section Intentionally Left Blank

1. The Actual Costs of the Authority was as follows:

Grant	Funds Approved	Funds Disbursed	Funds Expended	Balance Unspent
PA01P075501-21	$ 458,421	$ 458,421	$ 458,421	$ -
PA01P075501-22	$ 566,444	$ 555,994	$ 555,994	$ 10,450
PA01P075501-23	$ 572,827	$ 566,430	$ 566,430	$ 6,397
PA01P075501-24	$ 587,974	$ 208,224	$ 208,224	$ 379,750
PA01P075501-25	$ 604,241	$ -	$ -	$ 604,241

2. The distribution of costs as shown on the Financial Statement of Costs accompanying the Actual Cost Certificate submitted to HUD for approval, is in agreement with the Authority's records.

3. For the above completed grants, all costs have been paid and all related liabilities have been discharged through payment.

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Board of Commissioners
Housing Authority of the County of Cumberland
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 Housing Authority of the County of Cumberland as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority of the County of Cumberland basic financial statements, and have issued our report thereon dated January 14, 2026.

Report on Internal Control over Financial Reporting
In planning and performing our audit, we considered the Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the County of Cumberland'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 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 Housing Authority of the County of Cumberland's control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the County of Cumberland's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith Mairinelo

January 14, 2026

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Board of Commissioners
Housing Authority of the County of Cumberland
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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland's major federal programs for the year ended June 30, 2025. The Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland 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 Housing Authority of the County of Cumberland 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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland's federal programs. It 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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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 Housing Authority of the County of Cumberland'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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Smith Marinello

January 14, 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
14.871	Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as a low-risk auditee	No

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
2024-001	Tenant Rent Collection on Public Housing Tenants	Resolved|Cleared
2024-002	Capital Assets Depreciation Schedules	Resolved|Cleared

Federal Award Findings and Questioned Costs

Prior Year Findings Number	Findings Title	Status/ Current Year Findings Number
2024-003	Housing Quality Standards Inspection/HQS Enforcement (original finding #2023-003)	Resolved|Cleared
2024-004	Utilities Allowance Calculation	Corrected