

REDEVELOPMENT AUTHORITY OF THE
COUNTY OF LANCASTER
Lancaster, Pennsylvania

FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
Lancaster, Pennsylvania
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REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

As Management of the Redevelopment Authority of the County of Lancaster, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A- Financial Highlights

1 - The assets of the Authority exceeded its liabilities at the close of its most recent fiscal year by \$9,297,831 (net position) as opposed to \$9,165,993 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of (\$145,000) compared to \$68,235 for the prior fiscal year.

3 – The Authority's cash and cash equivalent balances at December 31, 2023, were \$3,839,421 representing an increase of \$2,067,083 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of \$14,697,753 and Total Operating Expenses of \$14,562,010 including depreciation of \$950,916 for the year ended December 31, 2023.

5 – The Authority had \$361,548 in capital outlays for the fiscal year December 31, 2023, for upgrades to the baseball stadium.

6 – The Authority's Expenditures of Federal Awards amounted to \$8,120,304 for the fiscal year and its expenditures of State Awards amounted to \$3,249,612.

B – Using the Annual Report

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's Financial Statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

2 – Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Statement of Net Position, Statement of Activities and Statement of Cash Flows.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

B – Using the Annual Report – Continued

2 – Financial Statements (Continued)

The Statement of Net Position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenue, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The Statement of Cash Flows presents information showing how the Authority's cash and cash equivalents position changed during the year. The statement classifies cash receipts and cash payments as resulting from operating activities, capital and related financing activities and investing activities.

The financial statements report on the Authority's activities. The activities are primarily supported by CDBG subsidies and grants. The Authority's function is to provide funding for redevelopment projects in the County of Lancaster. The financial statements can be found on pages 9 through 11.

3 – Notes To Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.

4 – Supplemental Information

The Schedule of Expenditures of Federal awards is presented for purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) part 200, Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards. The Schedule of Expenditures of Federal Awards can be found on page 27 of this report.

C – The Authority as a Whole

The Authority's Net Position increased by \$131,838 during the fiscal year primarily due to an increase in interest income. During the current year, the Authority received \$8,120,304 in grants from the US Department of Housing and Urban Development.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

C – The Authority as a Whole - Continued

The Authority's operating revenues exceeded expenses by \$1,054,302 when adjusted for depreciation of \$950,893.

By far, the largest portion of the Authority's net position reflects its investment in capital assets (e.g., the stadium project). The Authority has invested these funds to provide recreational and entertainment facilities for residents of and visitors to Lancaster County.

D – Budgetary Highlights

For the year ended December 31, 2023, individual program or grant budgets were prepared by the Authority and were approved by the Board of Directors. The budgets were primarily used as a management tool and have no legal stature. (Also, the Authority adopted a comprehensive annual budget for the General Fund.) The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

E – Capital Assets and Debt Administration

As of December 31, 2023, the Authority's investment in capital assets net of accumulated depreciation of \$15,572,033 was \$12,917,831. This investment in capital assets includes land improvements, and stadium seating, leasehold improvements and office furniture and equipment.

Additional information on the Authority's capital assets can be found in Note 12 to the Financial Statements.

Bonds Payable

The Authority has outstanding \$2,075,000 Series 2013 federally taxable guaranteed revenue bonds. The bonds are discussed in detail in Note 9 to the Financial Statements.

F – Economic Factors and Next Year's Budget Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending December 31, 2024:

The State of the economy which affects HUD's ability to fund certain grant and entitlement programs.

The Use of Unrestricted Net Position (\$145,000) to fund any shortfalls rising from a possible economic downturn and reduced grants. The Authority's unrestricted net position appears sufficient to cover any shortfalls.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

G– Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Redevelopment Authority of Lancaster County, 28 Penn Square, 2nd Floor, Lancaster, PA 17603, or call 717-394-0793.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2023

Composition of Net Position is as follows:

	<u>2023</u>	<u>2022</u>	<u>Variance</u>	<u>% Var</u>
Cash and Other Current Assets	\$ 7,488,520	\$ 4,560,149	\$ 2,928,371	64.2%
Capital Assets - Net	<u>12,917,831</u>	<u>13,507,199</u>	<u>(589,368)</u>	<u>-4.36%</u>
Total Assets	20,406,351	18,067,348	2,339,003	12.9%
Less: Total Liabilities	<u>(10,948,980)</u>	<u>(8,901,355)</u>	<u>(2,047,625)</u>	<u>23.0%</u>
Net Position	<u>\$ 9,457,371</u>	<u>\$ 9,165,993</u>	<u>\$ 291,378</u>	<u>3.18%</u>
Net Investment in Capital Assets	9,442,831	9,047,199	395,632	4.37%
Restricted Net Position	-	50,559	(50,559)	-100.00%
Unrestricted Net Position	<u>(145,000)</u>	<u>68,235</u>	<u>(213,235)</u>	<u>-312.5%</u>
Total Net Position	<u>\$ 9,297,831</u>	<u>\$ 9,165,993</u>	<u>\$ 131,838</u>	<u>1.44%</u>
Deferred Inflows of Assets	\$ 159,540	-	159,540	100%
HUD Grants	\$ 8,120,304	\$ 6,688,944	\$ 1,431,360	21.40%
Other Government Grants	2,671,385	675,384	\$ 1,996,001	295.5%
Program Income	2,030,668	2,744,135	(713,467)	-26.0%
Office of Budget - RACP Grant	1,207,500	12,500	1,195,000	9560.0%
Other Revenue	591,849	248,910	342,939	137.78%
Interest	<u>76,047</u>	<u>7,418</u>	<u>68,629</u>	<u>925.2%</u>
Total Operating Revenues	<u>14,697,753</u>	<u>10,377,291</u>	<u>4,320,462</u>	<u>41.63%</u>
CDBG Expenses	4,266,341	2,923,371	1,342,970	45.9%
HOME Expenses	2,844,804	2,829,563	15,241	0.5%
Emergency Solutions Expenses	762,560	1,353,460	(590,900)	-43.7%
CARES	-	-	-	0%
PHARE	504,903	236,309	268,594	113.66%
Continuum of Care Expenses	685,342	647,149	38,193	5.9%
Affordable Housing Expenses	353,539	351,495	2,044	0.6%
Office of Budget - RACP Grant	1,207,500	12,500	1,195,000	9560.0%
PILOT	30,000	30,000	-	0.00%
General Expenses	2,746,939	683,685	2,063,254	301.8%
Interest Expense	209,166	154,485	54,681	35.4%
Depreciation Expense	<u>950,916</u>	<u>918,559</u>	<u>32,357</u>	<u>3.52%</u>
Total Operating Expenses	<u>14,562,010</u>	<u>10,140,576</u>	<u>4,421,434</u>	<u>43.60%</u>
Excess/(Deficiency) of Operating Revenues				
Over Expenses	135,743	236,715	(100,972)	<u>42.7%</u>
Prior Period Adjustment	(3,905)	33,494	29,589	88%
Net Position at Beginning of Period	<u>9,165,993</u>	<u>8,895,784</u>	<u>270,209</u>	<u>3.04%</u>
Total Net Position	<u>\$ 9,297,831</u>	<u>\$ 9,165,993</u>	<u>\$ 131,838</u>	<u>1.44%</u>



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Redevelopment Authority of the
County of Lancaster
Lancaster, Pennsylvania

Opinion

We have audited the accompanying financial statements of Net Position, Revenue, Expenses, and Changes in Net Position, and Cash Flows of the Lancaster County Redevelopment Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Lancaster County Redevelopment Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of December 31, 2023, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with 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. 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 Lancaster County Redevelopment Authority 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 opinion.

Responsibilities of Management for the Financial Statements

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 Lancaster County Redevelopment Authority'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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 generally accepted auditing standards 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 generally accepted auditing standards 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 Lancaster County Redevelopment Authority'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 Lancaster County Redevelopment Authority'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 presented on pages 1-5 be presented to supplement the basic financial statements. Such information, 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 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 financial statements.



Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Redevelopment Authority of County of Lancaster. The Combining Statements of Net Position and Revenue and Expenses and Changes in Net Position is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Combining Statements of Net Position and Revenue and Expenses and Changes in Net Position and Schedule of Expenditures of federal awards are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the Combining Statements of Net Position and Revenue and Expenses and Changes in Net Position and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the 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 August 15, 2025 on our consideration of the Redevelopment Authority of County of Lancaster'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 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 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 Authority's internal control over financial reporting and compliance.


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
August 15, 2025

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
Lancaster, Pennsylvania

STATEMENT OF NET POSITION

As of December 31, 2023

ASSETS

Current Assets

Unrestricted Cash and Cash Equivalents	\$ 3,839,421
Accounts Receivable	2,154,393
Loan Receivable	10,000
Prepaid Assets	25,688
Lease Receivable	155,635
Right of Use Assets	1,303,383
Total Current Assets	7,488,520
Capital Assets (Net of Accumulated Depreciation of \$15,572,033)	12,917,831
TOTAL ASSETS	\$ 20,406,351

LIABILITIES AND NET POSITION

Current Liabilities

Accounts Payable - Other	\$ 1,363,757
Accounts Payable - HUD	11,604
Deferred Revenue	4,164,916
Accrued Liabilities	144,404
Current Portion of Bonds & Notes Payable	1,020,000
Advances Payable	27,694
Accrued Interest Payable	244,243
Accrued Compensated Absences-Short Term	11,017
Total Current Liabilities	6,987,635
Leases Payable	1,407,192
Accrued Compensated Absences-Long Term	99,153
Long Term Portion of Bonds and Notes Payable	2,455,000
TOTAL LIABILITIES	\$ 10,948,980

Deferred Inflows of Assets	\$ 159,540
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NET POSITION

Net Investment in Capital Assets Net of Related Debt	9,442,831
Restricted Net Position	-
Unrestricted Net Position	(145,000)
TOTAL NET POSITION	\$ 9,297,831

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
Lancaster, Pennsylvania

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

For The Year Ended December 31, 2023

REVENUES

HUD Grants	\$ 8,120,304
Program Income	2,030,668
Office of Budget - RACP Grant	1,207,500
Other Grants	2,671,385
Other Income	591,849
Interest	<u>76,047</u>
 Total Revenues	 <u>14,697,753</u>

EXPENSES

CDBG	4,266,341
HOME	2,844,804
ESG	762,560
Home Repair Program	847,762
Office of Budget - RACP Grant	1,207,500
Affordable Housing Programs	353,539
Continuum of Care Program	685,342
PHARE Grant	504,903
Interest Expense	209,166
PILOT Expense	30,000
Insurance Expense	59,893
Depreciation	950,916
Lease Amortization	89,128
Other Administrative Expenses	534,960
Other Program Expenses	<u>1,215,196</u>
Total Expenses	<u>14,562,010</u>
 Excess of Revenue over Expenses	 135,743
 Net Position - Beginning of Period	 9,165,993
Prior Period Adjustment	<u>(3,905)</u>
Net Position - End of Period	<u>\$ 9,297,831</u>

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
Lancaster, Pennsylvania

STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Excess of Revenue over Expenses	\$ 135,743
Adjustments to Reconcile Operating Income to Net Assets Provided (Used) by Operating Activities	
Depreciation Expense	950,916
Lease Amortization	89,128
Decrease (Increase) in Assets:	
Accounts Receivable Other	(841,306)
Prepaid Assets	(4,034)
Increase (Decrease) in Liabilities	
Accounts Payable	959,533
Accrued Liabilities	(171,803)
Advances Payable to Housing Authority	(75,389)
Accrued Interest Payable	11,681
Deferred Revenues	2,348,204
Accrued Compensated Absences	1,352
Cash Provided By Operating Activities	<u>3,404,025</u>

CASH FLOWS USED BY FINANCING ACTIVITIES

Payments for Lease Liability	(40,953)
Repayment on Bonds	(985,000)
Repayment of Operating Borrowings	
Cash Used By Financing Activities	<u>(1,025,953)</u>

CASH FLOWS USED IN INVESTING ACTIVITIES

Net Cash Withdrawn (Paid to) Restricted Accounts	50,559
Cash Paid for the Acquisition of Fixed Assets	<u>(361,548)</u>
Cash Used for by Investing Activities	<u>(310,989)</u>
Increase in Cash and Cash Equivalents	2,067,083
Cash and Cash Equivalents - Beginning of Year	<u>1,772,338</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,839,421</u>

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - Summary of Organization, Activities and Significant Accounting Policies:

- A. Organization – The Authority was incorporated under the provisions of the Pennsylvania Urban Redevelopment Act Number 385 of May 24, 1945, as amended.

The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

The Authority was created by the County of Lancaster. The Authority is not a component unit of the County but has a sub-recipient relationship. The County of Lancaster has delegated the administration of the Community Development Block Grant (CDBG) Program, the Emergency Shelter Grant (ESG) Program, the HOME Investment Partnership (HOME) Grant Program, and the Affordable Housing Program to the Authority. The County has retained control over the receipt of Federal grant funds wherein draw-downs are initially received by the County and then transferred to the Authority's accounts.

- B. Budgets and Budgetary Accounting – The Authority operates each Fund based on a Budget and Financing Plan approved by the granting Agency, except for the Revolving Fund which is budgeted separately. Budget expenditures are controlled by line item and by project within a line item.

- C. Activities of the Authority

1. CDBG, Emergency Solutions Grant and HOME Grant Program

The County of Lancaster and HUD entered into annual grant agreements pursuant to the authority of Title 1 of the Housing and Community Development Act of 1974, as amended and Title II of the Cranston-Gonzalez National Affordable Housing Act as amended. The obligation and utilization of the funding assistance is subject to the requirements of existing regulations and any special conditions imposed by HUD. The County provided certain assurances and certifications to HUD and also agreed to accept responsibility for adherence to the grant agreement by sub-recipient entities to which it makes funding assistance available.

2. PA Office of the Budget – Redevelopment Assistance Capital Program (RACP)

Since 2009, the Authority has received a total of \$40,628,668 from the Pennsylvania Office of the Budget through the Redevelopment Assistance Capital Program for a variety of economic development projects in Lancaster County. These projects are in varying stages of completion.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

C. Activities of the Authority - Continued

2. PA Office of the Budget - Redevelopment Assistance Capital Program (RACP) - Continued

- a. \$1,500,000 was awarded for Lancaster General Hospital Medical Services and Training Tower Project. The Project involves development and construction of a Behavioral Health Hospital in Lancaster City. The RACP funds were used for sitework. The project was completed in 2018. Final documents were filed, and payment made in the summer of 2019. As of December 31, 2023, \$1,500,000 in grant funds have been expended. Received the final \$37,500 in 2023 once close out paperwork was submitted to the State.
- b. \$1,200,000 was awarded for Lancaster Cleft Palate Clinic. The project will expand patient care spaces to fill the entire main floor (9,000 SF) of the Clinic, 223 N. Lime St., Lancaster. The extensive renovations will involve reconfiguring walls, traffic flow, plumbing, electrical, and HVAC systems. The existing waiting area will be transformed into new treatment rooms for orthodontic and pediatric dental care, the services patients with clefts need most regularly. Additional clinical spaces will be renovated to accommodate improved speech, hearing, ear/nose/throat, and psychosocial services. A new comfortable waiting area and play space for small children will be built. The main entrance will be moved so that it is adjacent to the parking lot, and an elevator will be installed to make the entire building accessible. The underutilized lower level will be transformed into dedicated meeting space and offices for our multidisciplinary team of specialists and staff, adding approximately 5,000SF of administrative space. As of December 31, 2023, \$1,170,000 in grant funds have been expended.

3. Affordable Housing Program

The County of Lancaster passed an Ordinance on June 29, 1994, to raise revenues to enable County residents to purchase or rent quality residential housing. The Ordinance increased recording fees for deed and mortgages which are transferred monthly to the Authority. These funds are to be used for affordable housing efforts as defined by Statute.

4. Revolving Fund

A Revolving Fund was established to accumulate and pay payroll and other administrative costs for all participating funds. Initially an advance was received commensurate with participation in the Fund and reimbursements were made on a monthly basis on actual charges.

An equitable pro-ration was established by the Authority based on actual time records.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

D. Significant Accounting Policies

1. Basis of Accounting - The accrual basis of accounting is used by the Authority for measuring the financial position and operating results of its Proprietary Fund. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenue is recognized in the accounting period in which it is earned and becomes measurable.
2. Report Presentation - The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that includes a statement of Net Position, a statement of activities and a statement of cash flows. Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources, and Net Position" requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

Net Investment in Capital Assets - This component consists of land and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Net Investments in Capital Assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position This component includes net position subject to restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Significant accounting policies Continued:

3. Report Presentation Continued

Unrestricted Net Position - This component consists of net position that do not meet the definition of Restricted Net Position or Net Investment in Capital Assets.

The adoption of Governmental Accounting Standards Board Statements 34, 37 and 38 has no significant effect on the basic financial statements, except for the classification of net position in accordance with Statement No. 34.

Significant Accounting Policies are as follows:

- a. Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash, certificates of deposit, and other investments with original maturities of less than three months from the date of purchase.
- b. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.
- c. Program income is composed of miscellaneous revenue and is recorded when earned.
- d. The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.
- e. Grants received from HUD, DCED or State Programs are recorded as income when earned.
- f. The cost of accumulated unpaid compensated absences is reported in the period in which the expense is incurred rather than in the period paid.
- g. The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.
- h. The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues earned and expenses incurred during the reporting period.
- i. The Authority's Capitalization Policy calls for capital purchases with a value of \$1,000 or more to be capitalized.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Significant accounting policies Continued:

- j. The Authority has given consideration AU-360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets* in its preparation of these financial statements. As of December 31, 2023, the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU-360-10
- k. Right to Use Assets—The Authority has recorded a right to use lease assets as a result of implementing GASB Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.
- l. Lease Receivable- The Authority has recorded a lease receivable for the present value of future lease payments as a result of implementing GASB Statement No. 87. The lease receivable is related to cell tower revenues derived from antennas placed by third parties at the baseball stadium.
- m. On July 1, 2021, the Authority was required to adopt Governmental Accounting Standards Board No. 87, Leases. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, the lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Additional information regarding the Authority's lease receivables and lease liabilities can be found in Note 18 to these financial statements.

NOTE 2 - Cash and Cash Equivalents

The Authority maintains cash and cash equivalents in local banks, which are covered by FDIC insurance and Act 72 of the Commonwealth of Pennsylvania. Act 72 requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian, but not in the Authority's name.

Cash, Cash Equivalents and Restricted Cash at December 31, 2023, consisted of the checking accounts, with carrying amounts of \$3,839,421 and bank account balances of \$4,336,383. Of these balances, \$500,000 was covered by FDIC insurance and \$3,725,383 was covered by Act 72.

NOTE 3 - Accrued Compensated Absences

Accrued Compensated Absences of \$110,170 at December 31, 2023, represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service. Employees may also be compensated for accumulated sick leave at retirement or termination from service to a maximum of 30 days.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 - Employee Retirement Plan

The Authority provides a defined contribution pension plan for eligible full-time and part-time employees. The plan is administered by ADP and was established by a resolution of the board of directors. Any changes to the plan can only be enacted by board resolution. Under the plan, the Authority matches employee contributions up to 7.00%. The Authority's contribution to the plan for the fiscal year ended December 31, 2023, was \$38,840.

NOTE 5 - Indirect Costs

The Authority did not charge indirect costs to any of the funds during the audit period.

NOTE 6 - Lancaster County Housing Authority

The Authority is co-located with the Lancaster County Housing Authority. Common costs for payroll and other administrative costs are paid through a Revolving Fund in accordance with an equitable pro-ration policy established and agreed upon by both Authorities. Activities of the Lancaster County Housing Authority are covered under a separate audit report.

NOTE 7 - Loans Receivable

At December 31, 2023, the Authority had a loan portfolio consisting of loans for 373 housing projects and 68 economic development projects with a loan balance of \$46,886.120. No provision has been made in these financial statements for the Loans Receivable since they are deferred payment loans, forgivable loans, deferred loans, due on sale loans and amortized loans. Loan repayments, when received, are recorded as Program Income in accordance with the accounting instructions from the funding agency.

NOTE 8 - Mortgages Receivable

The Authority made a loan under the Rental Rehabilitation Program. The \$140,000 loan was made in 1986. And modified in October 2012 requiring monthly principal payments of \$877 commencing on March 1, 2013. The outstanding balance at December 31, 2023, was \$0. The loan was made with an interest rate of 0 percent. No provision has been made in these financial statements for the mortgage receivable since the loan was recorded in HUD's Integrated Disbursement and Information System (IDIS) at inception and the monthly payments are considered program income in the CDBG Program and reported in IDIS.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 9- Bonds Payable and Notes Payable

On May 25, 2004, The Redevelopment Authority of the County of Lancaster issued \$13,505,000 of federally taxable guaranteed multi-purpose stadium facility revenue bonds Series 2004 (The Bonds). The Bonds were guaranteed by the County of Lancaster and were issued to finance site acquisition, design and construction of a multi-use stadium and related improvements. The Bonds were issued in denominations of \$5,000 and mature between November 15, 2005, and November 15, 2025. The Bonds were payable solely and exclusively from, and secured by, (1) the receipts and revenues from the multi-purpose stadium facilities, (2) restricted funds established under the indenture and (3) to the extent necessary, sums the County is obligated to pay pursuant to a guaranty agreement dated May 15, 2004. Under that Guaranty, the County has unconditionally pledged its full faith, credit and taxing power for the full and prompt payment of principal and interest on the Bonds.

On January 15, 2013, the Authority advanced refunded and defeased in subsistence its outstanding Series 2004 revenue bonds of \$9,895,000 by issuing \$10,950,000 in Series 2013 federally taxable guaranteed revenue bonds. The 2013 bonds bear interest at a variable rate between .54% and 3.813% and will be repaid in incremental principal amounts with the first payment of \$40,000 on November 15, 2013. The 2004 revenue bonds bear interest at a variable rate between 5.10% and 5.85% and were also due in incremental principal amounts with the final payment due May 15, 2014.

In order to accomplish the advance refunding, the Authority was required to deposit in escrow \$10,686,646 which together with interest was used to retire the outstanding 2004 bonds on May 15, 2014. The escrow account consists of obligations guaranteed by the United States Government and the balance in the escrow account is \$0.

The following is a schedule of debt service requirements for the Series 2013 revenue bonds:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
December 31, 2024	\$ 1,020,000	\$ 77,590	\$ 1,097,590
December 31, 2025	1,055,000	40,228	1,095,228
	<u>\$ 2,075,000</u>	<u>\$ 117,818</u>	<u>\$ 2,192,818</u>

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 9- Bonds Payable and Notes Payable - Continued

At December 31, 2023, the Authority had the following notes payable related to the construction of the stadium project:

\$ 300,000 Due to the City of Lancaster. Commencing on the fifth anniversary of this note dated December 30, 2004 interest and principal shall be payable from available excess revenues of the project if any. Interest shall accrue at one percent per annum. The total principal and all accrued and unpaid interest shall be due twenty five years from the date of this note. There were no excess revenues for the year ended December 31, 2023.

500,000 Due to the County of Lancaster. Commencing on the fifth anniversary of this note dated March 29, 2005 interest and principal shall be payable from available excess revenues of the project if any. Interest shall accrue at one percent per annum. The total principal and all accrued and unpaid interest shall be due twenty five years from the date of this note. There were no excess revenues for the year ended December 31, 2023.

100,000 Due to the Lancaster Industrial Development Authority. Principal and interest is due June 30, 2025. Interest has been accrued at the rate of three percent per annum.

500,000 Due to the County of Lancaster. Commencing on the fifth anniversary of this note dated March 29, 2005 interest and principal shall be payable from available excess revenues of the project if any. Interest shall accrue at one percent per annum. The total principal and all accrued and unpaid interest shall be due twenty five years from the date of this note. There were no excess revenues for the year ended December 31, 2023.

\$ 1,400,000

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 9 – Bonds and Notes Payable – Continued

	1/1/2023	Advances	Payments	12/31/2023
Bonds Payable	\$ 3,060,000	\$ -	\$ (985,000)	\$ 2,075,000
Notes Payable				
City of Lancaster	300,000	-	-	300,000
County of Lancaster	500,000	-	-	500,000
Lancaster Industrial Authority	100,000	-	-	100,000
County of Lancaster	500,000	-	-	500,000
Total	<u>\$ 4,460,000</u>	<u>\$ -</u>	<u>\$ (985,000)</u>	<u>\$ 3,475,000</u>
Current Portion				<u>\$ 1,020,000</u>
Non Current Portion				<u>\$ 2,455,000</u>

NOTE 10 – Operating Line of Credit

The Authority has established an operating line of credit with a local financial institution for of \$300,000. The interest rate is variable and the outstanding amount at December 31, 2023, was \$2,500.

NOTE 11 – Restricted Cash and Investments

In accordance with the bond indenture discussed in Note 9, the Authority is required to maintain restricted cash accounts to provide for the use of bond proceeds and repayment of bond principal and interest on the bonds. Pursuant to that indenture, the Authority had the following restricted cash accounts at December 31, 2023:

<u>Account</u>	<u>Balance</u>
Debt Service Fund	\$ -
Clearing Fund	-
Total Restricted Cash Accounts	<u>\$ -</u>

NOTE 12– Capital Assets

Capital Assets at December 31, 2023, consist of costs related to site acquisition and improvement and construction costs incurred on the Stadium Project as well as office leasehold improvements and office furniture. Depreciation of the Stadium commenced on May 10, 2005, the substantial construction completion date. The stadium is being depreciated over a thirty-year period and the furnishings over a twenty-year period. The office furniture and leasehold improvements are depreciated over a ten-year period.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 12 – Capital Assets – Continued

<u>Description</u>	<u>1/1/2023</u>	<u>Additions</u>	<u>Disposals/Other</u>	<u>12/31/2023</u>
Site Acquisition and Improvements	\$ 2,895,111	\$ -	\$ -	\$ 2,895,111
Buildings	23,610,513	151,559	-	23,762,072
Improvements	317,042	-	-	317,042
Furnishings & Fixtures	1,305,651	209,989	-	1,515,640
Total Fixed Assets	28,128,317	361,548	-	28,489,865
Accumulated Depreciation	(14,621,117)	(950,916)	-	(15,572,033)
Net Fixed Assets	<u>\$ 13,507,200</u>	<u>\$ (950,916)</u>	<u>\$ -</u>	<u>\$ 12,917,832</u>

Depreciation expense for the year ended December 31, 2023, was \$950,916.

NOTE 13 – Payment In Lieu Of Tax (PILOT)

The Authority's payment in lieu of tax (PILOT) for the stadium site was based on the real estate tax rates on the stadium properties prior to acquisition. The Authority has made annual PILOT payments to the School District of Lancaster, the County of Lancaster and the City of Lancaster in the amounts of \$18,750, \$2,880 and \$8,370, respectively.

NOTE 14 – Stadium Revenue

The Authority's annual revenue derived from the stadium is comprised of three components including: skybox rentals, a naming rights fee and a team payment. The authority has a twenty-year lease agreement with the team for the twenty-five skybox rentals which includes renewal options. The naming rights of \$250,000 for the stadium is paid to the Authority annually for twenty years. The baseball team is required to make an annual payment of \$300,000 to the Authority for twenty years. In total the team is required to pay the Authority \$1,100,000. Additionally, the Authority is to receive twenty-five percent of all non-baseball event net revenues, but not less than \$25,000 annually.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 15- Accounts Receivable

At December 31, 2023, the Authority had receivables of \$2,154,393 consisting of the following:

HUD	\$ 1,874,149
Lancaster Barnstormers	25,000
State of PA RACP	24,999
Related Parties	99,810
Other	<u>130,435</u>
	<u>\$ 2,154,393</u>

NOTE 16 - Loan Receivable

On August 26th, 2016, the Authority entered into a loan agreement with Columbia Economic Development Corporation, a Pennsylvania not for profit to provide \$10,000 for predevelopment costs related to a redevelopment project. The loan commenced on the signing of the agreement and matures on the date of sale of the project. No payments of interest or principal are due during the term of the loan and simple interest accrues at the rate of 1% per annum beginning with the signing of the loan.

NOTE 17 – Litigation

A confirmation received from the Authority's attorney disclosed that there were no judgments outstanding, no pending lawsuits or claims, no claims or penalties arising out of alleged violations of wage and trade laws or agreements, and no other matters of importance as of December 31, 2023.

NOTE 18 – Lease Commitments

As described in Note 1, the Authority was required to adopt GASB 87 as of January 1, 2022. The Authority has entered into two operating leases with a third party for office space it co-leases with the Lancaster County Redevelopment Authority. The leases consist of office space on both the first and second floors and include price escalations each year. The second-floor lease began on March 1, 2017, and the second-floor lease began in May of 2022. Both leases now provide for a termination date of April 30, 2037, and provide for incremental increases on the anniversary of the adjusted start date in May.

The lease liability is measured at a discount rate of 6%. As a result, the Authority has recorded a right to use asset with a remaining net book value of \$1,303,383 as of December 31, 2023, and a remaining lease liability of \$1,407,192. The weighted average of the remaining monthly lease payments at December 31, 2023, is \$6,568.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 18 – Lease Commitments - Continued

The Authority's present value future annual principal payments are described as follows:

First Floor Lease

	<u>Total</u>	<u>Housing Authority</u>	<u>Redevelopment Authority</u>
2024	\$ 41,183	\$ 19,356	\$ 21,827
2025	47,226	22,196	25,030
2026	53,644	25,213	28,431
2027	60,763	28,559	32,204
2028	68,330	32,115	36,215
Thereafter	<u>951,729</u>	<u>447,313</u>	<u>504,416</u>
	<u>\$ 1,222,875</u>	<u>\$ 574,751</u>	<u>\$ 648,124</u>

2nd Floor Lease

	<u>Total</u>	<u>Housing Authority</u>	<u>Redevelopment Authority</u>
2024	\$ 48,228	\$ 22,667	\$ 25,561
2025	55,297	25,990	29,307
2026	62,930	29,577	33,353
2027	71,160	33,445	37,715
2028	79,022	37,610	41,412
Thereafter	<u>1,115,465</u>	<u>524,269</u>	<u>591,196</u>
	<u>\$ 1,432,102</u>	<u>\$ 673,558</u>	<u>\$ 758,544</u>

In March of 2007, the Authority has entered into a 25-year lease with Crown Castle Cellular in which it rents rooftop space. The Authority recognizes a lease receivable with a term greater than 12 months in its financial statements. At the commencement of the lease, the Authority initially measures the leases receivable at the present value of the payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable adjusted for lease payments received at or before lease commencement. Subsequently, the deferred inflows of resources are recognized as revenue on a straight-line basis over the life of the lease term. The Authority has used an internal borrowing rate of 6.0% to present value the lease receivables. The balance of the lease receivable on December 31, 2023, was \$155,635. Deferred Inflows on December 31, 2023, were \$159,540 net of accumulated amortization of \$176,194.

NOTE 19 – Related Party Transactions

As Described above, the Redevelopment Authority is co-located with the Lancaster County Housing Authority. In addition to sharing office space, both Authorities share common management and employees. Salaries and Benefits allocated to the Housing Authority amounted to \$1,021,391.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 19 – Related Party Transactions - Continued

Additionally, the Redevelopment Authority provides administrative services to the Lancaster County Land Bank Authority and Lancaster Redevelopment Fund Inc. These entities were formed in 2016 to support the activities of the Redevelopment Authority and are governed by its Board. Administrative costs including salary and benefits between the Land Bank Authority and the Redevelopment Fund Inc. were \$53,381 and \$25,609, respectively.

NOTE 20- Prior Period Adjustment

The Authority recorded one prior period adjustment which resulted in a decrease of net assets. The Authority was required to adopt GASB-87 “Leases” at January 1. The Authority recognized lease receivable for cell towers affixed to its baseball stadiums and a corresponding deferred inflow of resources. The 3,905 adjusted beginning equity for the portion of the lease amortization that began before January 1, 2023.

NOTE 21 - Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through August XX, 2025, the date on which the financial statements were available to be issued and concluded that no events occurred that requires recognition in the financial statements or disclosure in the notes to the financial statements.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
COMBINING STATEMENT OF NET POSITION - ALL FUNDS
AS OF DECEMBER 31, 2023

ASSETS	CDBG Programs	HOME Program	Other Federal Programs	State Grant Programs	Affordable Housing Program	Stadium	Continuum of Care	Reentry	Local Programs	Revolving Fund	Total
Cash and Cash Equivalents	\$ 67,167	\$ 452,564	\$ 280,134	\$ 2,860,523	\$ 203,487	\$ 50,559	\$ (25,242)	\$ (39,451)	\$ (52,011)	\$ 41,691	\$ 3,839,421
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable	810,008	844,133	67,943	24,999	22,492	25,000	129,573	42,508	181,477	6,260	2,154,393
Loan Receivable	-	-	-	-	-	-	-	-	10,000	-	10,000
Prepaid Expenses	-	-	-	-	-	23,276	-	-	2,412	-	25,688
Lease Receivable	-	-	-	-	-	155,635	-	-	-	-	155,635
Right of Use Assets	-	-	-	-	-	-	-	-	1,303,383	-	1,303,383
Interprogram Receivables/(Payables)	(9,016)	(12,877)	(3,554)	(98)	-	(57,000)	(3,907)	(643)	106,595	(19,500)	-
Total Current Assets	868,159	1,283,820	344,523	2,885,424	225,979	197,470	100,424	2,414	1,551,856	28,451	7,488,520
Capital Assets (Net of Accum. Depr.)	-	-	-	-	-	12,878,713	-	-	39,118	-	12,917,831
Total Assets	\$ 868,159	\$ 1,283,820	\$ 344,523	\$ 2,885,424	\$ 225,979	\$ 13,076,183	\$ 100,424	\$ 2,414	\$ 1,590,974	\$ 28,451	\$ 20,406,351
LIABILITIES AND NET POSITION											
Current Liabilities											
Accounts Payable - US Treasury	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable - DCED	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable - HUD	11,604	-	-	-	-	-	-	-	-	-	11,604
Accounts Payable	410,403	675,263	10,667	72,702	90,769	2,502	96,660	294	4,497	-	1,363,757
Deferred Revenue	415,923	607,489	332,513	2,808,991	-	-	-	-	-	-	4,164,916
Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-
Current Portion of Long-term Debt	-	-	-	-	-	1,020,000	-	-	-	-	1,020,000
Current Portion of Accrued Comp Abs	-	-	-	-	-	-	-	-	-	-	-
Advances Payable	-	-	-	-	-	-	-	-	11,017	-	11,017
Accrued Interest Payable	-	-	-	19	35	244,189	-	-	-	27,684	27,694
Accrued Liabilities	10,729	1,068	1,338	3,712	-	30,000	3,764	-	-	-	244,243
Total Current Liabilities	848,659	1,283,820	344,518	2,885,424	90,804	1,296,691	100,424	2,414	106,430	757	144,404
Non-Current Liabilities											
Accrued Compensated Absences	-	-	-	-	-	-	-	-	99,153	-	99,153
Leases Payable	-	-	-	-	-	-	-	-	1,407,192	-	1,407,192
Bonds & Mortgages Payable	-	-	-	-	-	2,455,000	-	-	-	-	2,455,000
Total Non-Current Liabilities	-	-	-	-	-	2,455,000	-	-	1,506,345	-	3,961,345
Total Liabilities	848,659	1,283,820	344,518	2,885,424	90,804	3,751,691	100,424	2,414	1,612,775	28,451	10,948,980
Deferred Inflow of Resources	-	-	-	-	-	159,540	-	-	-	-	159,540
NET POSITION											
Invested in Capital Assets Net of Related Debt	-	-	-	-	-	9,403,713	-	-	39,118	-	9,442,831
Restricted Net Position	-	-	-	-	-	-	-	-	-	-	-
Unrestricted Net Position	19,500	-	5	-	135,175	(238,761)	-	-	(60,919)	-	(145,000)
Total Net Position	19,500	-	5	-	135,175	9,164,952	-	-	(21,801)	-	9,297,831
Total Liabilities and Net Position	\$ 868,159	\$ 1,283,820	\$ 344,523	\$ 2,885,424	\$ 225,979	\$ 13,076,183	\$ 100,424	\$ 2,414	\$ 1,590,974	\$ 28,451	\$ 20,406,351

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION - ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	REVENUES										
	CDBG Program	HOME Program	Other Federal Programs	State Grant Programs	Affordable Housing Program	Stadium	Continuum of Care	Reentry	Other Local Programs	Elimination	Total
HUD Grants	\$ 3,812,883	\$ 2,819,817	\$ 765,893	\$ -	\$ -	\$ -	721,711	\$ -	\$ -	\$ -	\$ 8,120,304
Program Income	497,715	42,059	-	-	300,909	1,189,985	-	-	-	-	2,030,668
Office of Budget - RACP Grant	-	-	-	1,207,500	-	-	-	-	-	-	1,207,500
Whole Homes Program	-	-	-	1,177,360	-	-	-	-	-	-	1,177,360
Homeless Assistance Program	-	-	-	864,752	-	-	-	-	-	-	864,752
Other Grants	-	-	-	-	-	-	9,251	94,790	525,232	-	629,273
Other Income	-	-	-	169,571	-	343,288	-	-	78,990	-	591,849
Interest	2,071	-	-	20,054	8,208	26,847	767	-	131,220	(113,120)	76,047
Total Revenues	4,312,669	2,861,876	765,893	3,439,237	309,117	1,560,120	731,729	94,790	735,442	(113,120)	14,697,753
	EXPENSES										
	CDBG Program	HOME Program	Other Federal Programs	State Grant Programs	Affordable Housing Program	Stadium	Continuum of Care	Reentry	Other Local Programs	Elimination	Total
CDBG (Schedule 1)	4,312,669	-	-	-	-	-	-	-	-	(46,328)	4,266,341
HOME (Schedule 2)	-	2,861,876	-	-	-	-	-	-	-	(17,072)	2,844,804
ESG (Schedule 3)	-	-	765,893	-	-	-	-	-	-	(3,333)	762,560
Home Repair Program	-	-	-	847,762	-	-	-	-	-	-	847,762
Office of Budget - RACP Grant	-	-	-	1,207,500	-	-	-	-	-	-	1,207,500
Affordable Housing Programs	-	-	-	-	353,539	-	-	-	-	-	353,539
PHARE Grant Expenditures	-	-	-	-	-	-	-	-	504,903	-	504,903
Continuum of Care	-	-	-	-	-	-	731,729	-	-	(46,387)	685,342
Interest Expense	-	-	-	-	-	123,366	-	-	85,800	-	209,166
PILOT Expense	-	-	-	-	-	30,000	-	-	-	-	30,000
Insurance Expense	-	-	-	-	-	59,893	-	-	-	-	59,893
Depreciation Expense	-	-	-	-	-	938,327	-	-	12,589	-	950,916
Lease Amortization	-	-	-	-	-	-	-	-	89,128	-	89,128
Other Administrative Expenses	-	-	-	269,952	-	9,106	-	94,790	161,112	-	534,960
Program Implementation Expense	-	-	-	64,025	-	-	-	-	-	-	64,025
Other Program Expenses	-	-	-	1,049,998	-	-	-	-	101,173	-	1,151,171
Total Expenses	4,312,669	2,861,876	765,893	3,439,237	353,539	1,160,692	731,729	94,790	954,705	(113,120)	14,562,010
Excess of Revenue Over/(Under) Expenses	-	-	-	-	(44,422)	399,428	-	-	(219,263)	-	135,743
Net Position - Beginning of Period	19,500	-	5	-	179,597	8,769,429	-	-	197,462	-	9,165,993
Prior Period Adjustment	-	-	-	-	-	(3,905)	-	-	-	-	(3,905)
Net Assets - End of Period	\$ 19,500	\$ -	\$ 5	\$ -	\$ 135,175	\$ 9,164,952	\$ -	\$ -	\$ (21,801)	\$ -	\$ 9,297,831

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
Lancaster, Pennsylvania

SCHEDULE OF EXPENDITURES OF FEDERAL and STATE AWARDS
For The Year Ended December 31, 2023

Direct Federal Assistance

<u>CFDA NO.</u>	<u>Description</u>	<u>Expenditures</u>
14.218	CDBG Grant Expenditures	\$ 3,812,883
14.231	Emergency Solutions Grant Expenditures	765,893
14.239	HOME Grant Expenditures	2,819,817
14.267	Continuum of Care Program	<u>721,711</u>
	Total Federal Expenditures	<u>\$ 8,120,304</u>

Indirect Federal Assistance

14.267	Continuum of Care Program Passed Through the County of Lancaster	\$ 864,752
21.027	COVID-19 ARPA Whole Home Repair	1,177,360
	Total Federal Awards Expended	<u>\$ 10,162,416</u>

State Grants

N/A	Redevelopment Assistance Capital Program (RACP)	<u>1,207,500</u>
	Total Federal and State Expenditures	<u>\$ 11,369,916</u>

NOTE 1 - Schedule of Expenditures of Federal Awards

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

2. There were no subrecipient activities during the audit period.

3. The Authority has elected not to use the 10% de minimis cost rate.

4. The Authority received no non-cash assistance.

5. The Authority did not have any HUD issued mortgages or loans.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
Lancaster, Pennsylvania

COMMUNITY DEVELOPMENT GRANT FUNDS
STATEMENT OF PROGRAM COSTS
FROM PROGRAM YEARS 2021, 2022 and 2023
For the Period January 1, 2023 through December 31, 2023

SCHEDULE 1

	<u>Expenditures</u>
Public Works, Facilities and Improvements	\$ -
Public Services	553,248
Acquisition/Disposition of Property	1,103,458
Rehabilitation and Preservation Activities	1,718,515
Administration -CV	149,759
Administration - CDBG	<u>787,689</u>
Total Program Costs	<u>\$ 4,312,669</u>

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
Lancaster, Pennsylvania

HOME INVESTMENT PARTNERSHIP PROGRAM
STATEMENT OF PROGRAM COSTS
FROM PROGRAM YEARS 2021, 2022 and 2023
For the Period January 1, 2023 through December 31, 2023

SCHEDULE 2

	<u>Expenditures</u>
Rental Housing New Construction	\$ -
Substantial Rehabilitation	2,542,095
Homebuyers Assistance	14,000
CHDO Setaside	-
CHDO Operating	-
Homeowners Assistance	-
Administration	<u>305,781</u>
Total Program Costs	<u>\$ 2,861,876</u>

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
Lancaster, Pennsylvania

EMERGENCY SHELTER GRANT PROGRAM
STATEMENT OF PROGRAM COSTS
FROM PROGRAM YEARS 2021, 2022 and 2023
For the Period January 1, 2023 through December 31, 2023

SCHEDULE 3

	<u>Expenditures</u>
Outreach	\$ 173,938
Rehousing	-
Shelter	480,531
Administration	<u>111,424</u>
Total	<u><u>\$ 765,893</u></u>



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Lancaster County Redevelopment Authority
Lancaster, Pennsylvania

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Lancaster County Redevelopment Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Lancaster County Redevelopment Authority's major federal programs for the year ended December 31, 2023. Lancaster County Redevelopment Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Community Development Block Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Lancaster County Redevelopment Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the *Community Development Block Grant* for the year ended December 31, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Lancaster County Redevelopment Authority 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 Lancaster County Redevelopment Authority 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 Lancaster County Housing Authority's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on the Community Block Grant Program

As described in the accompanying schedule of findings and questioned costs, the Lancaster County Redevelopment Authority did not comply with requirements regarding the *Community Development Block Grant CV Program 14.218 Finding 2023-005*.

Compliance with such requirements is necessary, in our opinion, for the Lancaster County Redevelopment Authority to comply with the requirements applicable to that program.

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 Lancaster County Redevelopment Authority's federal programs.

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 Lancaster County Housing Authority'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 generally accepted auditing standards, *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 Lancaster County Redevelopment Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Lancaster County Redevelopment Authority'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 Lancaster County Redevelopment Authority's internal control over compliance relevant to the audit 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 Lancaster County Redevelopment Authority'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.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items Finding 2023-001-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Lancaster County Redevelopment Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Lancaster County Redevelopment Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

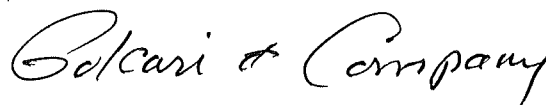
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Finding 2023-004-005 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Lancaster County Redevelopment Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Lancaster County Redevelopment Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
August 15, 2025



INDEPENDENT AUDITOR'S 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*

Board of Directors
Lancaster County Redevelopment Authority
Lancaster, Pennsylvania

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 Lancaster County Housing Authority, (the Authority) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Housing Authority's basic financial statements, and have issued our report thereon dated August 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items Finding 2023-001-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items Finding 2023-003 and 2023-004 to be a significant deficiency.

Report on Compliance and Other Matters

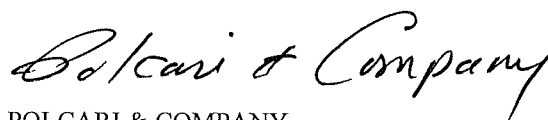
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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* and which are described in the accompanying schedule of findings and questioned costs as items Finding 2023-001-005.

Lancaster County's Response to Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
August 15, 2025

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Status of Prior Year Findings

Findings:

Finding- 2022-001

Redevelopment Authority – Entity Wide

Type of Deficiency – Material Weakness

Compliance Requirement – Reporting

The Authority's December 31, 2022, Financial statements were not ready for audit until November 2024.

Cause:

The Authority did not have appropriate controls in place to assess the need to hire appropriate staff or solicit qualified consultants to compile or assist in the compilation of the Authority's financial statements for December 31, 2022. The result of this inaction caused a two-year delay in the issuance of the Authority's audit report in addition to impeding management's ability to assess the financial condition of the Authority.

Condition:

The Authority did not implement additional controls to assess the need to hire appropriate staff or qualified consultants to assist in the preparation of the December 31, 2022, financial statements.

Effect of Condition:

The effect of not having timely financial statements hindered the Authority's ability to assess the financial information during the year as well as the ability to submit their financial statements to the federal audit clearinghouse within the nine months required time frame.

Recommendation:

We recommend that the Authority implement additional controls such as assessing the performance of its financial staff to ensure the timely submission of future financial statements.

Questioned Costs \$0

Status:

This finding is repeated in 2023

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Finding- 2022-002

Redevelopment Authority – Entity Wide

Type of Deficiency – Significant Deficiency

Compliance Requirement - Reporting

Since the Authority's financial team was unable to complete the preparation of the Authority's financial statements in a timely manner, the audit was not submitted to the Federal Audit Clearinghouse in nine months from the date of the Authority's year end as required by 2CFR-200.512.

Cause:

The Authority did not implement additional controls to assess the need to hire appropriate staff or qualified consultants to assist in the preparation of the December 31, 2022, financial statements.

Condition:

The Authority did not implement additional controls to assess the need to hire appropriate staff or qualified consultants to assist in the preparation of the December 31, 2022, financial statements.

Effect of Condition:

The effect of not having timely financial statements hindered the Authority's ability to assess the financial information during the year as well as the ability to submit their financial statements to the federal audit clearinghouse within the nine months required time frame.

Recommendation:

We recommend that the Authority implement additional controls such as assessing the performance of its financial staff to ensure the timely submission of future financial statements.

Questioned Costs: \$0

Status:

This finding is repeated in 2023

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Finding- 2022-003

Redevelopment Authority – Entity Wide

Type of Deficiency – Significant Deficiency

Compliance: Cash Management

The Authority did not perform monthly bank reconciliations on monthly basis. The effect caused certain deposits and IDIS reimbursements to not be recorded and drawn in a timely manner.

Cause:

The Authority did not implement proper controls including a review process to ensure that monthly reconciliations occurred in a timely manner.

Condition:

The Authority did not have proper controls in place to ensure that monthly bank reconciliations were done in a timely manner.

Effect of Condition:

The effect of not reconciling monthly bank statement transactions resulted in inaccurate financial information during the course of the year. This resulted in multiple versions of trial balances being produced during the audit to account for unrecorded transactions. This is a systemic issue

Recommendation:

Internal controls are most effective when review of reconciliations and transactions are done by someone not responsible for the preparation of the reconciliations or responsible for the transactions. We recommend that reviews be conducted and documented by someone other than the preparer. We also recommend that the board be given quarterly financials to ensure proper oversight of the financial records.

Questioned Costs: \$0

Status:

This finding is repeated in 2023

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Finding- 2022-004

Redevelopment Authority – Entity Wide

Type of Deficiency – Significant Deficiency

Compliance: Cash Management

The Authority did not reimburse interfund transactions between the Redevelopment Authority and the Housing Authority on a timely basis often reimbursing estimated amounts during the year resulting in an under draw of IDIS funds in the CDBG, ESG and HOME Programs.

Cause:

The Authority did not implement proper controls including a review process to ensure that monthly reconciliations of grant revenues to grant costs to ensure that all funds spent were requested from IDIS in a timely manner.

Condition:

The Authority did not have proper controls in place to ensure that monthly reconciliations were done in a timely manner.

Effect of Condition:

The effect of not reconciling monthly grant to expense transactions resulted in inaccurate financial information during the course of the year. This resulted in an accounts receivable of \$900,294 at the end of the year. That amount was original reported as \$640,747 requiring adjustments of \$259,549 to the Authority's CDBG, HOME and ESG Programs.

Recommendation:

Internal controls are most effective when review of reconciliations and transactions are done by someone not responsible for the preparation of the reconciliations or responsible for the transactions. We recommend that reviews be conducted and documented by someone other than the preparer. We also recommend that the board be given quarterly financials to ensure proper oversight of the financial records.

Status:

This finding is repeated in 2023

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Finding- 2022-005

Redevelopment Authority – CDBG

Type of Deficiency – Significant Deficiency

Compliance Requirement - Reporting

The Authority did not file accurate and timely PR-26 “Financial Summary Report” and PR-29 “Cash on Hand Report” as required.

Cause:

The Authority did not implement proper controls, including a review process to ensure that quarterly reports reporting information extracted from IDIS were accurate and timely reported as required.

Condition:

The Authority did not have proper controls in place to ensure that quarterly reports were done in a timely manner.

Effect of Condition:

The effect of not accurately and timely reporting effects HUD’s ability to analyze program activities and properly fund programs to meet the needs of the populations served.

Recommendation:

Internal controls are most effective when the review of reconciliations and transactions are done by someone not responsible for the preparation of the reconciliations or responsible for the transactions. We recommend that reviews be conducted and documented by someone other than the preparer. We also recommend that the board be given copies of quarterly reports to ensure proper oversight of the financial records and timely submissions.

Status:

This finding is repeated in 2023

REDEVELOPMENT AUTHORITY OF THE COUNTY OF LANCASTER
Lancaster, Pennsylvania
December 31, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weaknesses Identified?

 X yes no

Significant deficiency(ies) identified that are
not considered to be material weakness(es)?

 yes X none reported

Noncompliance Material to Financial Statements Noted?

 yes X no

Federal Awards

Internal Control over Major Programs:

Material Weaknesses Identified?

 X yes no

Significant deficiency(ies) identified that are
not considered to be material weakness(es)?

 X yes none reported

Type of audit report issued on compliance for
major programs:

modified

Any audit findings disclosed that are required to be
reported in accordance with section 2 CFR 200.516(a) of
the Uniform Guidance

 X yes no

Identification of Major Programs

CFDA

Number Name of Federal Program or Cluster

14.218 CDBG Cluster

21.027 Continuum of Care

Dollar Threshold used to distinguish between type A

\$750,000

Auditee qualified as low-risk?

 yes X no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

2023-001-003

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-001-005

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Section 2 Financial Statement Findings

Findings:

Finding- 2023-001 (Both a Financial Statement and Compliance Finding)

Redevelopment Authority – Entity Wide

Type of Deficiency – Material Weakness

Compliance Requirement – Reporting

Repeat Finding

The Authority's December 31, 2023, Financial statements were not ready for audit until May 2025. They required numerous adjustments which resulted in the Authority's financial statements not being submitted to the Federal Audit Clearinghouse in nine months from the date of the Authority's year end as required by 2CFR-200.512.

Cause:

The Authority did not have appropriate controls in place to assess the need to hire appropriate staff or solicit qualified consultants to compile or assist in the compilation of the Authority's financial statements for December 31, 2023. The result of this inaction caused a two-year delay in the issuance of the Authority's audit report.

Condition:

The Authority did not implement additional controls to assess the need to hire appropriate staff or qualified consultants to assist in the preparation of accurate, complete and timely financial statements for December 31, 2023.

Criteria:

Government Auditing Standards (Yellow Book) and the Governmental Accounting Standards Board (GASB) emphasize the importance of timely financial reporting. Internal control standards require that management produce and review complete year-end financial statements promptly, within 90 days of year-end.

Effect of Condition:

The effect of not having timely financial statements hindered the Authority's ability to assess the financial position of the Authority during the year and impaired budget preparation. Additionally, the delay of financial reporting impaired budget preparation as well as failing to remit financial statements to the federal audit clearinghouse within the nine months required time frame.

Recommendation:

We recommend that the Authority implement additional controls such as assessing the performance of its financial staff to ensure the timely submission of future financial statements.

Response:

The Finance Director at the time was unable to fulfil the demand of the position and deadlines were not met as required. Their last day was August 15, 2023. Since then, the new Finance Director has developed an understanding of the financial management of the position, including grant requirements, and has been progressing on completing back audits. On April 22, 2025, the Authority Board of Directors approved a new Accounting Policy that is now being implemented.

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Finding- 2023-002 (Both a Financial Statement and Compliance Finding)

Redevelopment Authority – Entity Wide

Type of Deficiency – Material Weakness

Compliance Requirement: Cash Management

The Authority did not perform monthly bank reconciliations on monthly basis from January through July 2023. The effect caused certain deposits and IDIS reimbursements to not be recorded and drawn in a timely manner.

Cause:

The Authority did not implement proper controls including a review process to ensure that monthly reconciliations occurred in a timely manner.

Condition:

During our review of the Redevelopment Authority's 2023 cash management processes, we noted that bank reconciliations for all active accounts were not performed monthly from January to July and there was no evidence of supervisory review or sign-off.

Criteria

Standards for sound financial management under Government Auditing Standards (Yellow Book) require organizations to maintain effective internal controls over cash. Timely, monthly bank reconciliations are a key control to detect errors, omissions, or unauthorized transactions and to ensure the accuracy of recorded cash balances.

Cause

The Authority has not established a formal policy or documented procedure that assigns responsibility, timing, and review requirements for monthly bank reconciliations. Finance staff turnover and competing priorities have further delayed the reconciliation process.

Effect of Condition:

The effect of not reconciling monthly bank statements may result in the following:

- Errors in recording cash transactions remain undetected for extended periods.
- Unauthorized or fraudulent transactions may not be identified promptly.
- Financial statements may contain misstated cash balances, reducing their reliability.

Recommendation

Internal controls are most effective when the review of reconciliations and transactions are done by someone not responsible for the preparation of the reconciliations or responsible for the transactions. We recommend that reviews be conducted and documented by someone other than the preparer.

Response:

The New Finance Director Started in May 2023 and was working towards performing monthly bank reconciliations. That started on a monthly basis in July 2023 while working on back audits. The New Finance Director changed over 70 processes by December 31, 2023, to help get audits caught up and submitted timely going forward.

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Finding- 2023-003 (Both a Financial Statement and Compliance Finding)

Redevelopment Authority – Entity Wide

Type of Deficiency – Material Weakness

Compliance: Special Tests and Provisions

The Authority did not prepare an operating budget for the fiscal year December 31, 2023.

Cause:

The Authority has not established a written policy assigning responsibility, timing, or procedures for preparing an annual operating budget. Budget development has depended informally on Finance staff and the Executive Director, with no clear due dates or Board-level review requirements.

Condition:

During our review of the Redevelopment Authority's 2023 financial records, we observed that no formal operating budget was prepared or approved for the fiscal year that began January 1, 2023. The Authority did not develop a line-item projection of revenues and expenditures, nor did it present any draft budget to the Board of Directors before incurring operating costs.

Criteria:

Good internal control under Government Auditing Standards (Yellow Book) requires that management adopt sound budgeting practices, including the preparation of an annual operating budget that is approved by the governing board.

Effect of Condition:

The effect of not preparing an operating budget hindered the Authority's ability to assess financial information because management lacks a clear financial plan to guide and prioritize spending decisions. In addition, the Authority cannot hold staff accountable for controlling costs and there is an increased risk of unanticipated cash-flow shortfalls or overspending in specific programs.

Recommendation:

We recommend that the Authority adopt a written Budget Policy that:

1. Require Finance staff to prepare a detailed operating budget by October 31 of each year.
2. Mandates presentation of the proposed budget to the Board of Directors for review, adjustment, and formal approval before January 1.
3. Implements monthly budget-to-actual reporting to the Board and senior management, highlighting significant variances and recommending corrective actions.

Response:

The Previous Finance Director didn't complete budgets for 2023. New Finance Director completed 2024 budget and got them approved by The Board of Directors by November 30th, 2023.

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Section 3 Federal Award Findings and Questioned Costs

Findings:

Finding- 2023-001 (Both a Financial Statement and Compliance Finding)

Redevelopment Authority – Entity Wide

Type of Deficiency – Material Weakness

Compliance Requirement – Reporting

Repeat Finding

The Authority's December 31, 2023, Financial statements were not ready for audit until May 2025. They required numerous adjustments which resulted in the Authority's financial statements not being submitted to the Federal Audit Clearinghouse in nine months from the date of the Authority's year end as required by 2CFR-200.512.

Cause:

The Authority did not have appropriate controls in place to assess the need to hire appropriate staff or solicit qualified consultants to compile or assist in the compilation of the Authority's financial statements for December 31, 2023. The result of this inaction caused a two-year delay in the issuance of the Authority's audit report.

Condition:

The Authority did not implement additional controls to assess the need to hire appropriate staff or qualified consultants to assist in the preparation of accurate, complete and timely financial statements for December 31, 2023.

Criteria:

Government Auditing Standards (Yellow Book) and the Governmental Accounting Standards Board (GASB) emphasize the importance of timely financial reporting. Internal control standards require that management produce and review complete year-end financial statements promptly, within 90 days of year-end.

Effect of Condition:

The effect of not having timely financial statements hindered the Authority's ability to assess the financial position of the Authority during the year and impaired budget preparation. Additionally, the delay of financial reporting impaired budget preparation as well as failing to remit financial statements to the federal audit clearinghouse within the nine months required time frame.

Recommendation:

We recommend that the Authority implement additional controls such as assessing the performance of its financial staff to ensure the timely submission of future financial statements.

Questioned Costs \$0

Response:

The Finance Director at the time was unable to fulfil the demand of the position and deadlines were not met as required. Their last day was August 15, 2023. Since then, the new Finance Director has developed an understanding of the financial management of the position, including grant requirements, and has been progressing on completing back audits. On April 22, 2025, the Authority Board of Directors approved a new Accounting Policy that is now being implemented.

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Finding- 2023-002 (Both a Financial Statement and Compliance Finding)

Redevelopment Authority – Entity Wide

Type of Deficiency – Material Weakness

Compliance Requirement: Cash Management

The Authority did not perform monthly bank reconciliations on monthly basis from January through July 2023. The effect caused certain deposits and IDIS reimbursements to not be recorded and drawn in a timely manner.

Cause:

The Authority did not implement proper controls including a review process to ensure that monthly reconciliations occurred in a timely manner.

Condition:

During our review of the Redevelopment Authority's 2023 cash management processes, we noted that bank reconciliations for all active accounts were not performed monthly from January to July and there was no evidence of supervisory review or sign-off.

Criteria

Standards for sound financial management under Government Auditing Standards (Yellow Book) require organizations to maintain effective internal controls over cash. Timely, monthly bank reconciliations are a key control to detect errors, omissions, or unauthorized transactions and to ensure the accuracy of recorded cash balances.

Cause

The Authority has not established a formal policy or documented procedure that assigns responsibility, timing, and review requirements for monthly bank reconciliations. Finance staff turnover and competing priorities have further delayed the reconciliation process.

Effect of Condition:

The effect of not reconciling monthly bank statements may result in the following:

- Errors in recording cash transactions remain undetected for extended periods.
- Unauthorized or fraudulent transactions may not be identified promptly.
- Financial statements may contain misstated cash balances, reducing their reliability.

Recommendation

Internal controls are most effective when the review of reconciliations and transactions are done by someone not responsible for the preparation of the reconciliations or responsible for the transactions. We recommend that reviews be conducted and documented by someone other than the preparer.

Questioned Costs: \$0

Response:

The New Finance Director Started in May 2023 and was working towards performing monthly bank reconciliations. That started on a monthly basis in July 2023 while working on back audits. The New Finance Director changed over 70 processes by December 31, 2023, to help get audits caught up and submitted timely going forward.

Finding- 2023-003 (Both a Financial Statement and Compliance Finding)
Redevelopment Authority – Entity Wide
Type of Deficiency – Material Weakness
Compliance: Special Tests and Provisions

The Authority did not prepare an operating budget for the fiscal year December 31, 2023.

Cause:

The Authority has not established a written policy assigning responsibility, timing, or procedures for preparing an annual operating budget. Budget development has depended informally on Finance staff and the Executive Director, with no clear due dates or Board-level review requirements.

Condition:

During our review of the Redevelopment Authority's 2023 financial records, we observed that no formal operating budget was prepared or approved for the fiscal year that began January 1, 2023. The Authority did not develop a line-item projection of revenues and expenditures, nor did it present any draft budget to the Board of Directors before incurring operating costs.

Criteria:

Good internal control under Government Auditing Standards (Yellow Book) requires that management adopt sound budgeting practices, including the preparation of an annual operating budget that is approved by the governing board.

Effect of Condition:

The effect of not preparing an operating budget hindered the Authority's ability to assess financial information because management lacks a clear financial plan to guide and prioritize spending decisions. In addition, the Authority cannot hold staff accountable for controlling costs and there is an increased risk of unanticipated cash-flow shortfalls or overspending in specific programs.

Recommendation:

We recommend that the Authority adopt a written Budget Policy that:

1. Require Finance staff to prepare a detailed operating budget by October 31 of each year.
2. Mandates presentation of the proposed budget to the Board of Directors for review, adjustment, and formal approval before January 1.
3. Implements monthly budget-to-actual reporting to the Board and senior management, highlighting significant variances and recommending corrective actions.

Questioned Costs \$0

Response:

The Previous Finance Director didn't complete budgets for 2023. New Finance Director completed 2024 budget and got them approved by The Board of Directors by November 30th, 2023.

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Finding- 2023-004

Redevelopment Authority – Entity Wide

Type of Deficiency – Significant Deficiency

Compliance: Cash Management

The Authority did not reimburse interfund transactions between the Redevelopment Authority and the Housing Authority on a timely basis, often reimbursing estimated amounts during the year resulting in an under draw of IDIS funds in the CDBG, ESG and HOME Programs. This inefficiency can also result in the comingling of cash from different programs.

Cause:

The Authority did not implement proper controls including a review process to ensure that monthly reconciliations of grant revenues to grant costs to ensure that all funds spent were requested from IDIS in a timely manner.

Condition:

The Authority did not have proper controls in place to ensure that monthly reconciliations were performed in a timely manner.

Criteria

Government Auditing Standards (yellow Book) require that management design and implement internal controls to record, reconcile and settle account balances promptly, ensuring completeness and accuracy of financial records.

Effect of Condition:

The effect of not reconciling monthly grants to expense transactions resulted in inaccurate financial information during the course of the year. This resulted in accounts receivable from HUD of \$1,722,084 at the end of the year. Additionally, management and the Board lack timely visibility into the true cash position of each program, which may impact cash-flow planning.

Recommendation:

Internal controls are most effective when reviewing reconciliations and transactions are done by someone not responsible for the preparation of the reconciliations or responsible for the transactions. We recommend that reviews be conducted and documented by someone other than the preparer. We also recommend that the board be given quarterly financials to ensure proper oversight of the financial records.

Questioned Costs: \$0

Response:

The New Finance Director got all the IDIS funding requests caught up in Q1 of 2024. Going forward the IDIS requests are done bi-monthly after each check run and payroll processing. HUD gives us the money from our Line of Credit within 3 business days of the approved request.

LANCASTER COUNTY REDEVELOPMENT AUTHORITY
LANCASTER, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Finding- 2023-005

Redevelopment Authority – CDBG

Type of Deficiency – Significant Deficiency

Compliance Requirement – Reporting

The Authority did not file accurate and timely PR-26 “Financial Summary Report” and PR-29 “Cash on Hand Report” as required. The PR-29 report is HUD’s quarterly cash on hand report of CDBG and CDBG-CV Programs

Cause:

The Authority did not implement proper controls, including a review process to ensure that quarterly and year-end reporting information extracted from IDIS were accurate and timely reported as required.

Condition:

The Authority did not have proper controls in place to ensure that quarterly and year-end reports were done in a timely manner.

Criteria:

The Authority is required under 24CFR570.502(b) to remit the annual performance report PR-26 specifying the amount of funds drawn from the IDIS system 90 days after year end. Under CFR 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements Subpart D section 200.328 the PR-29 quarterly report is required to be submit quarterly no later than 30 days after year end

Effect of Condition:

The effect of not accurate and timely reporting affects HUD’s ability to analyze program activities and properly fund programs to meet the needs of the populations served.

Recommendation:

Internal controls are most effective when reviewing reconciliations and transactions are done by someone not responsible for the preparation of the reconciliations or responsible for the transactions. We recommend that reviews be conducted and documented by someone other than the preparer. We also recommend that the board be given copies of quarterly reports to ensure proper oversight of the financial records and timely submissions.

Questioned Costs: \$0

Response:

This report was late every month in 2023, due to the new Finance Director trying to research and submit the correct numbers to HUD. In 2024 this report was submitted timely.