

**Dauphin County General Authority  
(A Component Unit of the County  
of Dauphin, Pennsylvania)**

Financial Statements

Year Ended December 31, 2022  
with Independent Auditor's Report

**MaherDuessel**

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

**DAUPHIN COUNTY GENERAL AUTHORITY**  
**(A COMPONENT UNIT OF THE COUNTY OF**  
**DAUPHIN, PENNSYLVANIA)**

YEAR ENDED DECEMBER 31, 2022

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## **Independent Auditor's Report**

**Members of the Board  
Dauphin County General Authority**

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Dauphin County General Authority (Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the 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 respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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 opinions.

#### **Change in Accounting Principle**

As described in Note 1 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, "*Leases*," which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Our opinion is not modified with respect to this matter.

### **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 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.

### **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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 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 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**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

*Maher Duessel*

Harrisburg, Pennsylvania  
April 19, 2023

# DAUPHIN COUNTY GENERAL AUTHORITY

## BALANCE SHEET

### PROPRIETARY FUNDS

DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Business-type Activities - Internal Service Fund	Total Business-type Activities (See Note 1)
	Riverfront Office Center Fund	Dauphin Highlands Golf Course Fund	Magisterial District Justice Fund	Total Enterprise Funds		
<b>Assets and Deferred Outflows of Resources</b>						
<b>Assets:</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ 515,188	\$ -	\$ 515,188	\$ 2,980,400	\$ 3,495,588
Accounts receivable	13,039	23,834	-	36,873	-	36,873
Internal receivables	-	-	-	-	216,221	-
Inventory	-	60,409	-	60,409	-	60,409
Current portion of lease receivable	3,710,061	-	-	3,710,061	-	3,710,061
Current portion of financed purchase receivable with primary government	-	-	246,460	246,460	-	246,460
Prepaid expenses	175,000	144,566	-	319,566	-	319,566
Accrued interest	4,760	-	-	4,760	-	4,760
Total current assets	3,902,860	743,997	246,460	4,893,317	3,196,621	7,873,717
Internal receivables	-	-	-	-	6,362,663	-
Lease receivable, net of current portion	58,720,882	-	-	58,720,882	-	58,720,882
Financed purchase receivable with primary government, net of current portion	-	-	4,523,888	4,523,888	-	4,523,888
Capital assets not being depreciated	-	2,088,666	-	2,088,666	-	2,088,666
Capital assets (net of accumulated depreciation and amortization of \$46,304,598)	12,905,218	2,063,182	-	14,968,400	-	14,968,400
Amounts restricted for long-term debt requirements:						
Cash and cash equivalents	4,321,507	36,228	-	4,357,735	-	4,357,735
Investments	1,528,417	-	-	1,528,417	-	1,528,417
Total Assets	81,378,884	4,932,073	4,770,348	91,081,305	9,559,284	94,061,705
<b>Deferred Outflows of Resources:</b>						
Deferred charge on refunding	24,347	-	-	24,347	-	24,347
Total Deferred Outflows of Resources	24,347	-	-	24,347	-	24,347
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 81,403,231</b>	<b>\$ 4,932,073</b>	<b>\$ 4,770,348</b>	<b>\$ 91,105,652</b>	<b>\$ 9,559,284</b>	<b>\$ 94,086,052</b>

	Business-type Activities - Enterprise Funds				Business-type Activities - Internal Service Fund	Total Business-type Activities (See Note 1)
	Riverfront Office Center Fund	Dauphin Highlands Golf Course Fund	Magisterial District Justice Fund	Total Enterprise Funds		
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>						
<b>Liabilities:</b>						
Current liabilities:						
Internal payables	\$ 153,271	\$ 62,950	\$ -	\$ 216,221	\$ -	\$ -
Accounts payable	195,376	28,612	-	223,988	10,105	234,093
Accrued expenses	1,111,957	125,848	-	1,237,805	-	1,237,805
Unearned revenue	503,682	152,390	-	656,072	-	656,072
Current portion of lease liability	-	11,711	-	11,711	-	11,711
Current portion of long-term debt	1,467,100	274,624	246,459	1,988,183	-	1,988,183
Total current liabilities	3,431,386	656,135	246,459	4,333,980	10,105	4,127,864
Long-term liabilities:						
Internal payables	1,022,930	5,339,733	-	6,362,663	-	-
Long-term debt, net of current portion	28,483,626	8,212,808	4,523,889	41,220,323	-	41,220,323
Total Liabilities	32,937,942	14,208,676	4,770,348	51,916,966	10,105	45,348,187
<b>Deferred Inflows of Resources:</b>						
Deferred charge on refunding	780,062	-	-	780,062	-	780,062
Lease related	54,689,017	-	-	54,689,017	-	54,689,017
Total Deferred Inflows of Resources	55,469,079	-	-	55,469,079	-	55,469,079
<b>Net Position:</b>						
Net investment in capital assets	(17,445,736)	(4,707,068)	-	(22,152,804)	-	(22,152,804)
Restricted:						
Fund operations	10,441,946	-	-	10,441,946	-	10,441,946
Unrestricted	-	(4,569,535)	-	(4,569,535)	9,549,179	4,979,644
Total Net Position	(7,003,790)	(9,276,603)	-	(16,280,393)	9,549,179	(6,731,214)
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 81,403,231</b>	<b>\$ 4,932,073</b>	<b>\$ 4,770,348</b>	<b>\$ 91,105,652</b>	<b>\$ 9,559,284</b>	<b>\$ 94,086,052</b>

The accompanying notes are an integral part of these financial statements.

# DAUPHIN COUNTY GENERAL AUTHORITY

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

### PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Business-type Activities - Internal Service Fund	Total Business-type Activities (See Note 1)
	Riverfront Office Center Fund	Dauphin Highlands Golf Course Fund	Magisterial District Justice Fund	Total Enterprise Funds		
<b>Operating Revenues:</b>						
Interest income - investments	\$ 26,462	\$ -	\$ -	\$ 26,462	\$ 5,003	\$ 31,465
Income from financed purchase	-	-	160,615	160,615	-	160,615
Net lease rental income	256,600	-	-	256,600	-	256,600
Administrative fees	-	-	-	-	383,933	383,933
Golf fees	-	1,682,364	-	1,682,364	-	1,682,364
Auxiliary golf course revenues	-	662,731	-	662,731	-	662,731
Total operating revenues	283,062	2,345,095	160,615	2,788,772	388,936	3,177,708
<b>Operating Expenses:</b>						
Administrative costs	575,923	336,177	-	912,100	193,905	1,106,005
Operating expenses	2,789,626	1,482,260	-	4,271,886	-	4,271,886
Depreciation and amortization	1,916,086	474,425	-	2,390,511	-	2,390,511
Amortization of deferred charge on refunding	(113,535)	-	-	(113,535)	-	(113,535)
Accretion	524,686	-	-	524,686	-	524,686
Interest expense	668,641	219,442	160,615	1,048,698	-	1,048,698
Total operating expenses	6,361,427	2,512,304	160,615	9,034,346	193,905	9,228,251
<b>Operating Income (Loss)</b>	<b>(6,078,365)</b>	<b>(167,209)</b>	<b>-</b>	<b>(6,245,574)</b>	<b>195,031</b>	<b>(6,050,543)</b>
<b>Non-operating Revenue:</b>						
Grant revenue	-	142,194	-	142,194	-	142,194
Lease principal revenue	4,228,459	-	-	4,228,459	-	4,228,459
Lease interest revenue	2,523,209	-	-	2,523,209	-	2,523,209
Total non-operating revenue	6,751,668	142,194	-	6,893,862	-	6,893,862
<b>Change in Net Position</b>	<b>673,303</b>	<b>(25,015)</b>	<b>-</b>	<b>648,288</b>	<b>195,031</b>	<b>843,319</b>
<b>Net Position:</b>						
Beginning of year, restated	(7,677,093)	(9,251,588)	-	(16,928,681)	9,354,148	(7,574,533)
End of year	<u>\$ (7,003,790)</u>	<u>\$ (9,276,603)</u>	<u>\$ -</u>	<u>\$ (16,280,393)</u>	<u>\$ 9,549,179</u>	<u>\$ (6,731,214)</u>

The accompanying notes are an integral part of these financial statements.



# DAUPHIN COUNTY GENERAL AUTHORITY

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Business-type Activities - Internal Service Fund	Total Business-type Activities (See Note 1)
	Riverfront Office Center Fund	Dauphin Highlands Golf Course Fund	Magisterial District Justice Fund	Total Enterprise Funds		
<b>Cash Flows From Operating Activities:</b>						
Cash received from users	\$ 280,230	\$ 2,310,874	\$ 419,009	\$ 3,010,113	\$ 383,933	\$ 3,394,046
Cash paid to suppliers	(3,492,278)	(1,827,261)	-	(5,319,539)	(68,842)	(5,388,381)
Net cash provided by (used in) operating activities	(3,212,048)	483,613	419,009	(2,309,426)	315,091	(1,994,335)
<b>Cash Flows From Investing Activities:</b>						
Purchase of investment securities	(110,976)	-	-	(110,976)	-	(110,976)
Interest received	26,462	-	-	26,462	5,003	31,465
Net cash provided by (used in) investing activities	(84,514)	-	-	(84,514)	5,003	(79,511)
<b>Cash Flows From Capital and Related Financing Activities:</b>						
Principal payments on bonds payable	(1,399,400)	(7,831,380)	-	(9,230,780)	-	(9,230,780)
Bond issuance	-	7,542,000	-	7,542,000	-	7,542,000
Lease principal payments	-	(10,185)	-	(10,185)	-	(10,185)
Lease principal receipts	3,555,211	-	-	3,555,211	-	3,555,211
Lease interest receipts	2,523,209	-	-	2,523,209	-	2,523,209
Purchase of property and equipment	(2,286,941)	(30,470)	-	(2,317,411)	-	(2,317,411)
Grant proceeds	-	142,194	-	142,194	-	142,194
Interest paid	(668,641)	(219,442)	-	(888,083)	-	(888,083)
Net cash provided by (used in) capital and related financing activities	1,723,438	(407,283)	-	1,316,155	-	1,316,155
<b>Cash Flows From Noncapital Financing Activities:</b>						
Principal payments on bonds payable	-	-	(258,394)	(258,394)	-	(258,394)
Interest paid	-	-	(160,619)	(160,619)	-	(160,619)
Net cash used in noncapital financing activities	-	-	(419,013)	(419,013)	-	(419,013)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,573,124)	76,330	(4)	(1,496,798)	320,094	(1,176,704)
<b>Cash and Cash Equivalents:</b>						
Beginning of year	5,894,631	475,086	4	6,369,721	2,660,306	9,030,027
End of year	\$ 4,321,507	\$ 551,416	\$ -	\$ 4,872,923	\$ 2,980,400	\$ 7,853,323

(Continued)

# DAUPHIN COUNTY GENERAL AUTHORITY

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2022

(Continued)

	Business-type Activities - Enterprise Funds				Business-type Activities - Internal Service Fund	Total Business-type Activities (See Note 1)
	Riverfront Office Center Fund	Dauphin Highlands Golf Course Fund	Magisterial District Justice Fund	Total Enterprise Funds		
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>						
Operating income (loss)	\$ (6,078,365)	\$ (167,209)	\$ -	\$ (6,245,574)	\$ 195,031	\$ (6,050,543)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	1,916,086	474,425	-	2,390,511	-	2,390,511
Interest income - investments	(26,462)	-	-	(26,462)	(5,003)	(31,465)
Interest expense	668,641	219,442	160,615	1,048,698	-	1,048,698
Amortization of deferred charge on refunding	(113,535)	-	-	(113,535)	-	(113,535)
Accretion	524,686	-	-	524,686	-	524,686
Changes in assets and liabilities:						
Increase in accounts receivable	17,340	(18,706)	-	(1,366)	-	(1,366)
Decrease in inventory	-	(9,199)	-	(9,199)	-	(9,199)
Increase (decrease) in internal payables	(149,945)	25,351	-	(124,594)	124,594	-
Increase in prepaid expenses	-	(55,063)	-	(55,063)	-	(55,063)
Increase in accrued interest income	(4,730)	-	-	(4,730)	-	(4,730)
Decrease in investments in financed purchase receivable	-	-	258,394	258,394	-	258,394
Decrease in accounts payable	38,464	7,821	-	46,285	469	46,754
Increase (decrease) in accrued expenses	(15,248)	22,266	-	7,018	-	7,018
Increase (decrease) in unearned revenue	11,020	(15,515)	-	(4,495)	-	(4,495)
Total adjustments	2,866,317	650,822	419,009	3,936,148	120,060	4,056,208
Net cash provided by (used in) operating activities	<u>\$ (3,212,048)</u>	<u>\$ 483,613</u>	<u>\$ 419,009</u>	<u>\$ (2,309,426)</u>	<u>\$ 315,091</u>	<u>\$ (1,994,335)</u>
						(Concluded)

The accompanying notes are an integral part of these financial statements.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 1. Nature of Organization and Summary of Significant Accounting Policies

The Dauphin County General Authority (Authority), a component unit of the County of Dauphin (County), Pennsylvania, was incorporated on March 7, 1984, by the County. The Authority was created for the purpose of acquiring, financing, holding, constructing, improving, maintaining and operating, owning, and leasing, either in the capacity of lessor or lessee, projects of the kind and character contemplated by law for a general purpose authority, as authorized and permitted by, and also as limited by, provisions of the Pennsylvania Municipality Authorities Act, the Act of May 2, 1945, P.L. 382, as amended. Accordingly, the Authority is not subject to income taxes. The Authority is a special purpose government engaged in business-type activities.

A summary of the Authority's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

#### Reporting Entity

The Authority has adopted the provisions of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards, for the criteria used to evaluate organizations, activities, and functions that should be included in the Authority's financial statements. The basic criteria used is the exercise of "oversight responsibility" over such organization, activities, and functions.

The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. Because the Authority was initially created for the delivery of services to the County, the Authority has been evaluated under the aforementioned criteria for inclusion in the reporting entity of the County. The County includes the Authority in its financial statements as a component unit, since the Authority meets the criteria satisfying inclusion in the County's financial statements.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are included on their balance sheet.

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# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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The financial statements are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Authority reports the following major proprietary funds:

The *Riverfront Office Center Fund* accounts for the leasing operations of the Riverfront Office Center. The Authority issued Office and Parking Revenue Bonds, Series of 1998, to fund the acquisition of office and parking facilities at 1101 South Front Street, Harrisburg, Pennsylvania, known as Riverfront Office Center. The facilities are leased to various governmental organizations.

The *Dauphin Highlands Golf Course Fund* accounts for the operations of Dauphin Highlands Golf Course. The County guarantees the full payment of the principal and interest on the 1993 Bonds and subsequent refunding bond issues, which funded the golf course construction, in the event that the Authority fails to pay the amount of principal and interest due. The Authority has agreed to pay to the County 90% of the revenues net of operating expenses and debt service earned by the Authority in connection with the golf course. Such amounts will only be paid after the Dauphin Highlands Golf Course Fund has achieved positive fund equity. The Authority will retain the remaining 10% of the net revenue for its general operations and other purposes.

The *Magisterial District Justice Fund* accounts for the leasing operation of the Magisterial District Justice Offices. The Authority issued a Dauphin County Guaranteed Lease Revenue Note, Series of 2017, to fund the acquisition and capital projects associated with the County's Magisterial District Justice Offices. The Authority subsequently leased the facilities to the County.

Additionally, the Authority reports the following fund type:

The *Internal Service Fund* accounts for the administrative responsibilities associated with the various enterprise activities of the Authority.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Conduit Debt Issues

The Authority participates in various Bond issues for which it has limited liability. Acting solely in an agency capacity, the Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together for which it receives an administrative fee. Although the Authority is a party to the Trust indenture with the trustee, the agreements are structured such that there is no recourse against the Authority in the case of default. As such, the corresponding debt is not reflected on the Authority's balance sheet but is summarized in Note 8.

### Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

### Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### Investments

Investments are recorded at fair value. The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

### Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses on the balance sheet.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Inventory

Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Inventory consists of consumable supplies used for operations and maintenance and also represents items for sale. Inventory is expensed when the items are used or sold.

### Capital Assets

Capital assets are recorded at cost (except for the intangible right-of-use lease assets, the measurement of which is discussed under 'Leases' below). The Authority provides for depreciation and amortization over the estimated useful lives of the assets (including the right-to-use leased equipment) using the straight-line method. Upon sale or retirement, the cost and related accumulated depreciation or amortization of such assets are removed from the accounts and any resulting gain or loss is credited or charged to income for the period. Expenditures for maintenance and repairs are charged to income as incurred. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Depreciation and amortization were calculated on the straight-line method using the following useful lives:

	<u>Estimated Useful Lives</u>
Land improvements	7-30 years
Buildings	30 years
Building improvements	15 years
Right-to-use leased equip	3-5 years
Golf course equipment	5-7 years
Other equipment	7-10 years

### Leases

As discussed further in Note 5, the Authority is a lessor for noncancellable leases and recognizes a lease receivable and a deferred inflow of resources in the balance sheet.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of 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

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# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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inflow or resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow or resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of variable payments from the lessee, increasing on an annual basis.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The Authority's Dauphin Highlands Golf Course Fund is a lessee for a noncancellable lease of golf carts. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets on the balance sheet.

### Unearned Revenue

Unearned revenue, presented in the Dauphin Highlands Golf Course Fund, consists of unredeemed gift certificates and unearned membership revenue. Revenue is recognized from gift cards the earlier of when they are redeemed by the customer or two years (estimated expiration date). Additionally, the Authority sells annual memberships for the golf course. Revenue is recognized evenly each month between the period of April through October based upon the date the membership was sold. Unearned membership revenue consists of those memberships sold from September through December that will not be utilized until the subsequent golf season.

Unearned revenue, presented in the Riverfront Office Center Fund, consists of prepaid rent revenue. Revenue is recognized when the tenants utilize the property during the period to which the pre-payment relates.

### Restricted Assets

Restricted assets represent cash, cash equivalents, and investments maintained in accordance with bond resolutions, loan agreements, grant awards, and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments, depreciation, and contingency activities.

### Net Position

Net position is classified in the following three components: net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition,

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# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent proceeds at the end of the reporting period, the portion of the debt attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt is included in the same net position component (restricted or unrestricted) as the unspent amount. Restricted consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. Unrestricted consists of all net position which is not restricted for any project or other purpose.

For the time period that revenue bonds are outstanding and the trust indenture is in effect in each fund, the net position of the fund is presented as restricted for fund operations.

### Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities except revenues explicitly deemed nonoperating in accordance with Governmental Accounting Standards Board (GASB). For the Authority, these revenues are charges for services, investment income, and miscellaneous revenues. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Authority.

### Total Business-Type Activities

The column captioned "Total Business-type Activities" is the combined "Total Enterprise Funds" and "Business-type Activities - Internal Service Fund" after internal receivables, payables, and transfers have been eliminated.

### Adopted Pronouncements

The requirements of the following GASB Statement was adopted for the financial statements:

GASB Statement No. 87, "*Leases*," better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions of this statement have been adopted and incorporated into these financial statements. As a result of this implementation:

- A lease receivable of \$65,986,154 and deferred inflows of resources related to leases of \$58,917,476 were recorded as of January 1, 2022 in the Riverfront Office Center

# DAUPHIN COUNTY GENERAL AUTHORITY

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Fund. The net result was a restatement of \$7,068,678 to increase beginning net position of the Riverfront Office Center Fund and Total Business-type Activities.

- A lease payable and right-to-use asset (net of amortization) in the amount of \$21,895 was recorded as of January 1, 2022 in the Dauphin Highlands Golf Course Fund.

### Pending Changes in Accounting Principles

GASB has issued statements that will become effective in future years including 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections) and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

## **2. Deposits and Investments**

Cash and investments are held by trustees, pursuant to provisions of various Trust Indentures, except for the Administrative Fund cash account, and the Dauphin Highlands Golf Course cash account.

The Municipality Authorities Act (Act) provides for investment of governmental funds into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. The Act allows pooling of governmental funds for investment purposes. The Act does not prescribe regulations relating to demand deposits.

### Deposits

*Custodial credit risk.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At December 31, 2022, the book balance of the Authority's unrestricted deposits was \$3,495,588 and the bank balance was \$3,502,551. Of the unrestricted bank balance, \$250,000 was covered by federal depository insurance and \$3,252,551 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. At December 31, 2022, the book balance of the Authority's restricted deposits was \$4,357,735 and the bank balance was \$5,044,996. Of the restricted

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# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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bank balance, \$36,228 was covered by federal depository insurance and \$5,008,769 was collateralized under Act 72.

### Investments

The Authority's Level 1 investments reported on the balance sheet at December 31, 2022 are as follows:

	<u>Fair Value</u>
Restricted:	
Money market funds	<u>\$ 1,528,417</u>

*Custodial credit risk.* Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Authority does not have an investment policy for custodial credit risk. The Authority's investments in money market funds are not exposed to custodial credit risk because they are not evidenced by securities in book entry or paper form.

*Concentration of credit risk.* The Authority places no limit on the amount the Authority may invest in any one issuer.

*Credit risk.* The Authority does not have a formal policy that would limit investment choices with regard to credit risk. The Authority's money market funds are unrated as of December 31, 2022.

*Interest rate risk.* The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority's money market funds have an average maturity of less than one year.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### 3. Interfund Balances

The composition of interfund balances at December 31, 2022 was as follows:

	Interfund Receivables	Interfund Payables
Riverfront Office Center Fund	\$ -	\$ 1,176,201
Dauphin Highlands Golf Course Fund	-	5,402,683
Internal Service Fund	6,578,884	-
	<u>\$ 6,578,884</u>	<u>\$ 6,578,884</u>

Working capital for Dauphin Highlands was provided by the Authority Administrative Fund. At December 31, 2022, the Administrative Fund had advanced \$5,339,733 to Dauphin Highlands.

In addition to the above, \$62,950 is also owed to the Authority Administrative Fund for the various expenses that were paid on behalf of Dauphin Highlands during 2022. This amount is included in the current portion of due to Dauphin County General Authority Administrative Fund on the Dauphin Highlands balance sheet as of December 31, 2022.

In 2017, the Internal Service Fund provided a loan of \$1,474,493 to the Riverfront Office Center Fund to aid in the repurchase of \$9,660,000 of the Office and Parking Revenue Bonds, Series C of 1998. \$150,000 was paid back during the years ended December 31, 2020 and 2022, respectively. The Riverfront Office Center Fund is working on repaying the remaining \$1,172,930 balance to the Administration Fund at \$150,000 a year. It is expected that the balance will be repaid in this manner from operating activities and not from any future sale of the Riverfront Office Center. In January 2023, \$150,000 was paid back to the Authority Administrative Fund. These amounts are included in the current portion of due to Dauphin County General Authority Administrative Fund on the Riverfront Office Center balance sheet as of December 31, 2022. In addition, \$3,271 is owed to the Authority Administrative Fund for the various expenses that were paid on behalf of the Riverfront Office Center during 2022.

### 4. Financed Purchase Receivable

The Authority's Magisterial District Justice Fund leasing operation consists of leasing offices to the County under a financed purchase arrangement. This lease agreement was financed through the issuance of a Dauphin County Guaranteed Lease Revenue Note, Series of 2017. The term of the lease agreement is 20 years and expires in 2038.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Following is a schedule of minimum lease payments for the Magisterial District Justice Fund's financed purchase arrangement:

Years Ending December 31,	
2023	\$ 386,775
2024	386,775
2025	386,775
2026	386,775
2027	386,775
2028-2032	2,208,981
2033-2037	2,045,078
2038	194,508
	<u>\$ 6,382,442</u>

The financed purchase receivable for the Magisterial District Justice Fund consists of the following at December 31, 2022:

Total minimum lease payments	\$ 6,382,442
to be received	
Less: unearned income	<u>1,612,094</u>
	<u>\$ 4,770,348</u>
Current portion	\$ 246,459
Noncurrent portion	<u>4,523,889</u>
	<u>\$ 4,770,348</u>

### 5. Leases

#### Riverfront Office Center Fund (Lessor)

In 2015, the Authority entered into a noncancelable lease with the Pennsylvania Department of General Services for office space of the Riverfront Office Center. The lease is for a term of 15 years, with a renewal option of 5 years. The Authority receives monthly rental payments that incorporate base rent (\$19,326 at lease inception) that is fixed for the term of the lease and

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# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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additional rent that is adjusted on an annual basis based on changes in the consumer price index (CPI), capped at 5% (\$14,016, based upon 0.40% CPI at lease inception). The Authority recognized \$280,947 in lease revenue and \$158,569 of interest revenue during 2022 related to this lease.

In 2016, the Authority entered into a noncancelable lease with the Pennsylvania Department of General Services for office space of the Riverfront Office Center. The lease is for a term of 15 years, with a renewal option of 5 years. The Authority receives monthly rental payments that incorporate base rent (\$272,262 at lease inception) that is fixed for the term of the lease and additional rent that is adjusted on an annual basis based on changes in the consumer price index, capped at 5% (\$194,621, based upon 0.50% CPI at lease inception). The Authority recognized \$3,947,512 in lease revenue and \$2,364,640 of interest revenue during 2022 related to this lease.

The following represents the Authority's receivable for lease payments and deferred inflows of resources associated that will be recognized as revenue over the term of the lease at December 31, 2022.

<u>Lease Term</u>	<u>Lease Receivable</u>	<u>Deferred Inflow of Resources</u>
01/01/2015-12/01/2034	\$ 3,911,212	\$ 3,371,363
01/01/2016-12/01/2035	58,519,731	51,317,654
	<u>\$ 62,430,943</u>	<u>\$ 54,689,017</u>

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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The expected future payments to be received under the terms of the leases at December 31, 2022 are as follows:

Years	Principal	Interest	Total
2023	\$ 3,710,061	\$ 2,381,107	\$ 6,091,168
2024	3,871,156	2,232,798	6,103,954
2025	4,038,745	2,078,059	6,116,804
2026	4,213,088	1,916,630	6,129,718
2027	4,394,454	1,748,242	6,142,696
2028-2032	24,958,861	5,951,534	30,910,395
2033-2035	17,244,578	1,047,443	18,292,021
	<u>\$ 62,430,943</u>	<u>\$ 17,355,813</u>	<u>\$ 79,786,756</u>

### Dauphin Highlands Golf Course Fund (Lessee)

During 2020, the Authority entered into a noncancelable lease agreement as lessee for the use of golf carts. An initial lease liability was recorded in the amount of \$35,157. As of December 31, 2022, the value of the lease liability was \$11,711. The Authority is required to make monthly payments during the months of May through October each lease year of \$1,971. The Authority estimated an incremental borrowing rate to be applied to the lease of 1.90%. The golf carts have a three-year estimated useful life. The value of the right-to-use asset as of December 31, 2022 was \$35,157 and had accumulated amortization of \$24,738.

The future principal and interest lease payments as of December 31, 2022, were as follows:

Years	Principal	Interest	Total
2023	<u>\$ 11,711</u>	<u>\$ 129</u>	<u>\$ 11,840</u>

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

### 6. Capital Assets

Changes in capital assets of the business-type activities at December 31, 2022 consist of the following:

	Beginning Balance	Transfers in/ Increases	Transfers out/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,015,951	\$ -	\$ -	\$ 2,015,951
Construction in progress	72,715	-	-	72,715
Total capital assets, not being depreciated	2,088,666	-	-	2,088,666
Capital assets, being depreciated:				
Land improvements	7,174,868	6,734	-	7,181,602
Buildings	49,110,520	2,286,941	-	51,397,461
Building improvements	610,929	-	-	610,929
Golf course equipment	1,980,339	9,140	-	1,989,479
Right-to-use leased equipment	35,157	-	-	35,157
Other equipment	43,773	14,597	-	58,370
Total capital assets, being depreciated	58,955,586	2,317,412	-	61,272,998
Less accumulated depreciation and amortization for:				
Land improvements	5,219,156	333,906	-	5,553,062
Buildings	36,430,627	1,953,973	-	38,384,600
Building improvements	461,115	19,117	-	480,232
Golf course equipment	1,751,433	71,160	-	1,822,593
Right-to-use leased equipment	13,262	11,476	-	24,738
Other equipment	38,494	879	-	39,373
Total accumulated depreciation and amortization	43,914,087	2,390,511	-	46,304,598
Capital assets, being depreciated, net	15,041,499	(73,099)	-	14,968,400
Capital assets, net	\$ 17,130,165	\$ (73,099)	\$ -	\$ 17,057,066



# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

### 7. Long-term Debt

Long-term debt outstanding at December 31, 2022 is as follows:

Office and Parking Revenue Bonds (Riverfront Office Center):	
Series C of 1998 - Capital Appreciation Bonds	\$ 7,891,326
Series of 2019	1,279,400
Series of 2020	20,780,000
Dauphin County Guaranteed Lease Revenue Note (Magisterial District Justice Fund):	
Series of 2017	4,770,348
Dauphin County Guaranteed Revenue Bonds (Dauphin Highlands):	
Series of 2020	1,037,952
Series of 2022	7,449,480
	<u>\$ 43,208,506</u>

Long-term debt is shown on the balance sheet as follows:

Current portion of long-term debt	\$ 1,988,183
Long-term debt, net of current portion	<u>41,220,323</u>
	<u>\$ 43,208,506</u>

Long-term liability activity for the Authority's business-type activities for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 7,366,640	\$ 524,686	\$ -	\$ 7,891,326	\$ -
Direct placement:					
Bonds payable	32,235,612	7,542,000	(9,230,780)	30,546,832	1,741,724
Notes payable	5,028,742	-	(258,394)	4,770,348	246,459
	<u>\$ 44,630,994</u>	<u>\$ 8,066,686</u>	<u>\$ (9,489,174)</u>	<u>\$ 43,208,506</u>	<u>\$ 1,988,183</u>

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Each of the Authority's financing programs is described on the following pages. The Authority has complied with the significant covenants contained in its debt agreements for the year ended December 31, 2022.

***Office and Parking Revenue Bonds – Series A, B, and C of 1998, Series of 2019, and Series of 2020 (Riverfront Office Center)***

On June 30, 1998, the Authority issued Office and Parking Revenue Bonds, Series A, B, and C in the principal amounts of \$38,950,000, \$1,120,000, and \$5,235,436, respectively. The bond proceeds were used to acquire certain real estate and parking facilities in the City of Harrisburg, known as the Riverfront Office Center, and to fund a debt service reserve. The bonds were issued without a municipal bond guaranty insurance policy.

The 1998 bonds, as issued, consisted of Current Interest and Capital Appreciation Bonds. The Series A and B are Current Interest Bonds and the Series C are Capital Appreciation Bonds. During the year ended December 31, 2015, the Authority refunded Series A of 1998 Bonds and partially refunded Series C of 1998 Bonds with the issuance of Office and Parking Revenue Bonds, Series of 2015 (Series of 2015 Bonds). The proceeds from the issuance of the Series of 2015 Bonds totaled \$32,000,000. The Series of 2015 Bonds were issued without a municipal bond guaranty insurance policy. Principal was paid annually on January 1 and interest is paid biannually on July 1 and January 1. This issue was currently refunded by the Series of 2020 Bonds.

During 2020, the Authority issued the Series of 2020 Bonds in the principal amount of \$23,475,000. The Series 2020 Bonds were issued without a municipal bond guaranty insurance policy. The proceeds of the bonds were used to currently refund the Series of 2015 Bonds in full.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### ***Series C of 1998***

During the year ended December 31, 2015, the Authority partially currently refunded the Series C of 1998 Bonds in the amount of \$15,500,000 with the Series of 2015 Bond proceeds. The refunding was for a portion of Series C of 1998 Bonds set to mature in 2028. During the year ended December 31, 2017, the Authority repurchased a portion of the Series C of 1998, totaling \$9,660,000. During the year ended December 31, 2019, the Authority repurchased a portion of the Series C of 1998, totaling \$2,195,000. The remaining Series C of 1998 Capital Appreciation Bonds, which have an effective yield of 7%, bear no stated interest, and have stated initial principal values as follows:

<u>Maturity Dates</u>	<u>Stated Values at Issuance</u>	<u>Maturity Values</u>	<u>Discount</u>	<u>Accreted Value</u>
July 1, 2024	\$ 304,140	\$ 700,000	\$ 68,642	\$ 631,358
July 1, 2026	265,047	1,450,000	310,315	1,139,685
January 1, 2027	256,074	1,820,000	437,874	1,382,126
July 1, 2027	247,411	1,820,000	484,611	1,335,389
January 1, 2028	3,310,677	4,800,000	1,397,232	3,402,768
	<u>\$ 4,383,349</u>	<u>\$ 10,590,000</u>	<u>\$ 2,698,674</u>	<u>\$ 7,891,326</u>

If there is an event of default, the Trustee may, at the written request of Registered Owners, declare the outstanding amounts become due immediately.

### ***Series of 2019***

On June 7, 2019, the Authority issued a Federally Taxable Office and Parking Revenue Bond, Series of 2019, in the principal amount of \$4,000,000. The Series of 2019 Bond is structured as a draw down loan with proceeds to be used to retire portions of the Series C of 1998 debt as well as costs of issuance. In 2019, \$1,458,000 was drawn to retire a portion of the Series C of 1998 debt. The remainder of the Series of 2019 Bond may be drawn as of or before June 1, 2021 upon request of the Authority.

The interest rate on Series of 2019 Bonds is fixed at 4.70% for the first five years and then it is variable. Per the bond agreement, after the first five years, the interest rates will change monthly and be calculated based on LIBOR plus 2%, not to exceed 6%. The collateral for the Bond is secured by the revenues from the Riverfront Office Complex as outlined in the Series 2015 Indenture.

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## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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The Series of 2019 Bonds mature as follows, assuming a fixed rate of 4.70% through December 31, 2024 and 6.00% thereafter.

Years	Interest Rate	Principal	Interest	Total
2023	4.70%	\$ 67,100	\$ 55,503	\$ 122,603
2024	4.70%	71,200	51,855	123,055
2025	4.70%	75,600	67,258	142,858
2026	6.00%	80,300	62,517	142,817
2027	6.00%	85,200	57,484	142,684
2028-2032	6.00%	512,200	200,531	712,731
2033-2035	6.00%	387,800	36,316	424,116
		<u>\$ 1,279,400</u>	<u>\$ 531,464</u>	<u>\$ 1,810,864</u>

If there is an event of default, the Bank may declare the outstanding amounts become due immediately.

### ***Series of 2020***

On May 28, 2020, the Authority issued a Federally Taxable Office and Parking Revenue Bond, Series of 2020, in the principal amount of \$23,475,000. The Series of 2020 Bond is structured as a refinancing of the Series of 2015 Bonds. As such, all proceeds from the Series 2020 were applied to currently refund the Series 2015 bonds.

The interest rate on Series of 2020 Bonds is fixed at 2.90% for 10 years. At that time, interest will be variable at calculated monthly at 80% of LIBOR plus 2.50%, not to exceed 6%, through the date of maturity. The collateral for the Bond is secured by the revenues from the Riverfront Office Complex as outlined in the Series 2020 Indenture.

The Series of 2020 Bonds mature as follows, assuming a fixed rate of 2.90% through January 1, 2031, and 6.00% thereafter.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Years	Interest Rate	Principal	Interest	Total
2023	2.90%	\$ 1,400,000	\$ 600,929	\$ 2,000,929
2024	2.90%	1,435,000	560,978	1,995,978
2025	2.90%	1,490,000	516,916	2,006,916
2026	2.90%	1,525,000	472,878	1,997,878
2027	2.90%	1,575,000	427,684	2,002,684
2028-2032	2.9%-6.0%	8,580,000	1,413,683	9,993,683
2033-2035	6.00%	4,775,000	213,074	4,988,074
		<u>\$ 20,780,000</u>	<u>\$ 4,206,142</u>	<u>\$ 24,986,142</u>

If there is an event of default, the Bank may declare the outstanding amounts become due immediately.

***Dauphin County Guaranteed Lease Revenue Note – Series of 2017 (Magisterial District Justice Fund)***

On December 28, 2017, the Authority issued a Tax Exempt County Guaranteed Lease Revenue Note, Series of 2017 (2017 Note), in the principal amount of \$5,917,000. The 2017 Note proceeds were used to finance the purchase, acquisition, and construction of a new magisterial district justice office and courtroom to be located in the Township of Swatara, Dauphin County, Pennsylvania. In addition, a portion of the proceeds were used to refund the County and the Dauphin County Industrial Development Authority's (IDA) debt of other magisterial district justice projects previously undertaken by the County and IDA. Upon refunding these projects, the deeds for the properties were passed to the Authority. Pursuant to the direct financing lease between the Authority and the County, the County is responsible for making the annual debt service payments.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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The 2017 Notes bear interest and mature as follows:

Years	Interest Rate	Principal	Interest	Total
2023	3.00%	\$ 246,459	\$ 140,316	\$ 386,775
2024	3.00%	253,955	132,820	386,775
2025	3.00%	261,679	125,096	386,775
2026	3.00%	269,638	117,137	386,775
2027	3.00%	277,840	108,935	386,775
2028-2032	3.00%-5.00%	1,521,219	687,761	2,208,980
2033-2037	5.00%	1,767,074	278,004	2,045,078
2028	5.00%	172,484	2,802	175,286
Total		<u>\$ 4,770,348</u>	<u>\$ 1,592,871</u>	<u>\$ 6,363,219</u>

If there is an event of default, the Bank may declare the outstanding amounts become due immediately.

### ***Dauphin County Guaranteed Revenue Bonds – Series A and B of 2016, Series 2020, and Series 2022 (Dauphin Highlands)***

The Authority's 1993 Series Capital Appreciation Bonds were advance refunded in 2005. As a result, the liability for those bonds has been removed from the Authority. At December 31, 2022, the maturity value and accreted value of the bonds outstanding on the 1993 Series Capital Appreciation Bonds are \$1,105,000 and \$1,025,440, respectively.

On February 10, 2016, the Authority issued Taxable County Guaranteed Revenue Refunding Bond, Series A of 2016 (Series A of 2016) and Tax-Exempt County Guaranteed Revenue Refunding Bond, Series B of 2016 (Series B of 2016), in the principal amounts of \$8,479,511 and \$1,708,775, respectively. The Series A and B of 2016 Bonds were issued without a municipal bond guaranty insurance policy. The net proceeds of Series A of 2016 Bonds were used to currently refund the Series A of 2011 Bonds. The net proceeds of Series B of 2016 Bonds were used to currently refund the Series B of 2011 Bonds. As a result, the liability for Series A and B of 2011 Bonds has been removed from Dauphin Highlands. During the year ended December 31, 2019, the Series B of 2016 Bonds were paid in full. During the year ended December 31, 2022, the Series A of 2016 Bonds were currently refunded through the issuance of Guaranteed Revenue Bonds, Series of 2022 (Series of 2022 Bonds).

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The interest rate on Series A of 2016 Bonds was variable. Per the bond agreements, the interest rates change monthly and were calculated based on LIBOR plus 1.55%, not to exceed 12%. The County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Series A of 2016 Bonds.

On January 15, 2020, the Authority issued County Guaranteed Revenue Bonds, Series of 2020, in the amount of \$1,250,000. The bonds were issued in order to fund the repair of the in-ground irrigation system at the Dauphin Highlands Golf Course and pay the costs of issuing the Bonds. Principal maturities occur annually on June 1, 2021 through 2030. The interest rate on Series of 2020 Bonds is variable. Per the bond agreements, the interest rates will change monthly and be calculated based on 79% of LIBOR plus 1.50%. In no event will the interest rate exceed the lesser of 5.50% or the maximum rate allowed by law. The interest rate on these bonds as of December 31, 2022 was 4.88%. The County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Series of 2020 Bonds.

Using the interest rate in effect at December 31, 2022, the Series of 2020 Bonds mature as follows:

Years	Principal Amount	Interest	Total
2023	\$ 112,400	\$ 14,639	\$ 127,039
2024	116,900	12,791	129,691
2025	121,700	10,867	132,567
2026	126,700	8,864	135,564
2027	131,900	6,778	138,678
2028-2030	428,352	6,960	435,312
Total	<u>\$ 1,037,952</u>	<u>\$ 60,899</u>	<u>\$ 1,098,851</u>

In April 2022, the Authority issued Series of 2022 Bonds in the principal amount of \$7,542,000. The Series of 2022 Bonds were issued to currently refund the Series A of 2016 Bonds. Principal maturities occur monthly on June 1, 2022 through 2052. The interest rate on Series of 2022 Bonds is fixed at 2.85% through April 25, 2029 and will then change annually and be equal to the Prime Rate. In no event will the interest rate exceed the lessor of 5.00% or the maximum rate allowed by law. The County has pledged its full faith, credit, and taxing power to guarantee the debt service payments related to both principal and interest due on the Series of 2022 Bonds.

# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Using the maximum rate of 5% after April 25, 2029, the Series of 2022 Bonds mature as follows:

Years	Principal Amount	Interest	Total
2023	\$ 162,224	\$ 210,202	\$ 372,426
2024	166,908	205,518	372,426
2025	171,728	200,698	372,426
2026	176,687	195,740	372,427
2027	181,788	190,638	372,426
2028-2032	1,017,183	1,340,749	2,357,932
2033-2037	1,177,728	1,251,841	2,429,569
2038-2042	1,350,879	936,620	2,287,499
2043-2047	1,549,549	575,050	2,124,599
2048-2052	1,494,806	164,997	1,659,803
Total	<u>\$ 7,449,480</u>	<u>\$ 5,272,053</u>	<u>\$ 12,721,533</u>

If the Authority fails to generate sufficient revenues to pay debt service on the Series of 2020 or Series of 2022, or ceases revenue generating operations, or if other monies set aside for such purposes are insufficient, the County will be required to pay principal and interest on such bonds when due pursuant to the County Bond Guaranty Agreement among the County, the Authority, and the trustee for the bonds. In accordance with the County Bond Guaranty Agreement, if such payments are made by the County, the Authority is required to reimburse the County from any monies available for that purpose under the Trust Indenture. Dauphin Highlands has incurred substantial accumulated losses and has a negative net position (see Note 11).

If there is an event of default, the Trustee may declare the outstanding amounts become due immediately. In addition, upon default, the Trustee shall have the right to take possession of the facility.



# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### 8. Conduit Debt Issues

As discussed in Note 1, the following conduit debt issues were outstanding at December 31, 2022:

University of Pittsburgh Medical Center	\$ 86,065,000
University of Pittsburgh Medical Center	80,605,000
Harrisburg University	100,000,000
Harrisburg University	<u>50,775,000</u>
	<u>\$ 317,445,000</u>

### 9. Administrative Fees

Provisions of the financing documents of the bond issues require administrative fees to be paid to the Authority. For the year ended December 31, 2022, \$383,933 was paid by the Riverfront Office Center.

### 10. Related Party Transactions

The Authority is a component unit of the County. The Authority has entered into certain lease financing arrangements with the County. Lease payments from the County to the Authority for the year ended December 31, 2022 were \$547,370.

### 11. Net Position

The following funds of the Authority had negative net position as of December 31, 2022:

<u>Fund</u>	
Riverfront Office Center	\$ 7,003,790
Dauphin Highlands Golf Course	<u>9,276,603</u>
Total	<u>\$ 16,280,393</u>

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# DAUPHIN COUNTY GENERAL AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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The Authority's Administrative Fund has provided funds for working capital needs of the Dauphin Highlands Golf Course, as discussed in Note 3. The Administrative Fund has historically provided net working capital advances to the Dauphin Highlands Golf Course. During the year ended December 31, 2013, the Authority entered into a contract with a management company to try to maximize the course's revenue while minimizing the overall expenses. The management company will continue to strive toward increasing revenue while keeping expenses contained.

Revenue, receipts, and property of each fund are pledged as collateral on the bonds and are not cross collateralized.

### **12. Litigation**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in 2022. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Authority may be involved in lawsuits arising in the normal course of business. Management of the Authority believes none of the potential unasserted claims that may be asserted against the Authority would materially affect the financial position of the Authority.