

**Dauphin County General Authority,
Dauphin Highlands Golf Course Fund**

(An Enterprise Fund of Dauphin
County General Authority)

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,
DAUPHIN HIGHLANDS GOLF COURSE FUND**
(AN ENTERPRISE FUND OF DAUPHIN COUNTY GENERAL AUTHORITY)

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

Opinion

We have audited the accompanying financial statements of Dauphin County Golf Course Fund, an enterprise fund of Dauphin County General Authority (Authority), as of and for the year ended December 31, 2022, and the related notes to the 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 financial position of Dauphin County Golf Course Fund, as of December 31, 2022, and the changes in financial position and 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 (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 opinion.

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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Dauphin Highlands Golf Course Fund and do not purport to, and do not, present fairly the financial position of the Authority as of December 31, 2022, the changes in its financial position or its cash flows for the year then ended in

accordance with accounting principles generally accepted in the United States of America. 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.

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 opinion. 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.

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 opinion on the basic financial statements is not affected by this missing information.

Maheer Duessel

Harrisburg, Pennsylvania
April 19, 2023

**DAUPHIN COUNTY GENERAL AUTHORITY,
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(AN ENTERPRISE FUND OF DAUPHIN COUNTY GENERAL AUTHORITY)

BALANCE SHEET
DECEMBER 31, 2022

Assets	
Current assets:	
Cash and cash equivalents	\$ 515,188
Accounts receivable	23,834
Inventory	60,409
Prepaid expenses	144,566
Total current assets	<u>743,997</u>
Noncurrent assets:	
Capital assets, not being depreciated	2,088,666
Capital assets, net of accumulated depreciation and amortization of \$8,948,948	2,063,182
Amounts restricted for long-term debt requirements:	
Cash and cash equivalents	<u>36,228</u>
Total noncurrent assets	<u>4,188,076</u>
Total Assets	<u><u>\$ 4,932,073</u></u>

Liabilities and Net Position

Liabilities:

Current liabilities:

Accounts payable	\$ 28,612
Accrued expenses	125,848
Unearned revenue	152,390
Current portion of bonds payable	274,624
Current portion of lease	11,711
Current portion of due to Dauphin County General Authority Administrative Fund	62,950
Total current liabilities	<u>656,135</u>

Noncurrent liabilities:

Due to Dauphin County General Authority Administrative Fund	5,339,733
Bonds payable, net of current portion	<u>8,212,808</u>
Total noncurrent liabilities	<u>13,552,541</u>
Total Liabilities	<u>14,208,676</u>

Net Position:

Net investment in capital assets	(4,707,068)
Unrestricted	<u>(4,569,535)</u>
Total Net Position	<u>(9,276,603)</u>
Total Liabilities and Net Position	<u><u>\$ 4,932,073</u></u>

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

**DAUPHIN COUNTY GENERAL AUTHORITY,
DAUPHIN HIGHLANDS GOLF COURSE FUND**
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION

YEAR ENDED DECEMBER 31, 2022

Operating Revenues:

Greens fees	\$ 1,277,535
Golf cart rental	295,547
Driving range fees	109,282
Food and beverage services	400,858
Pro shop	189,504
Miscellaneous income	72,369
	<hr/>
Total operating revenues	2,345,095

Operating Expenses:

Administration	310,850
Grounds maintenance	608,275
Food and beverage services	196,306
Management fee	105,478
Pro shop	576,776
Driving range	14,145
Carts	6,607
Depreciation and amortization	474,425
	<hr/>
Total operating expenses	2,292,862

Operating Gain (Loss)	<hr/> 52,233
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Non-operating Revenues (Expenses):

Grant income - County of Dauphin	142,194
Interest expense	(219,442)
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Total non-operating revenues (expenses)	(77,248)

Change in Net Position	(25,015)
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Net Position:

Beginning of year	<hr/> (9,251,588)
End of year	<hr/> \$ (9,276,603) <hr/>

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

**DAUPHIN COUNTY GENERAL AUTHORITY,
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(AN ENTERPRISE FUND OF DAUPHIN COUNTY GENERAL AUTHORITY)

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

Cash Flows From Operating Activities:

Receipts from users	\$ 2,310,874
Payments to suppliers	<u>(1,827,261)</u>
Net cash provided by operating activities	<u>483,613</u>

Cash Flows From Capital and Related Financing Activities:

Principal payments on bonds payable	(7,831,380)
Bond issuance	7,542,000
Grant proceeds - County of Dauphin	142,194
Lease payments	(10,185)
Acquisition of capital assets	(30,470)
Interest paid	<u>(219,442)</u>
Net cash used in capital and related financing activities	<u>(407,283)</u>

Net Increase in Cash and Cash Equivalents	76,330
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Cash and Cash Equivalents:

Beginning of year	<u>475,086</u>
End of year	<u><u>\$ 551,416</u></u>

(Continued)

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

**DAUPHIN COUNTY GENERAL AUTHORITY,
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STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022
(Continued)

**Reconciliation of Operating Gain to Net Cash Provided
by Operating Activities:**

Operating gain	\$ 52,233
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Depreciation and amortization	474,425
Changes in assets and liabilities:	
Accounts receivable	(18,706)
Inventory	(9,199)
Prepaid expenses	(55,063)
Due to Dauphin County General Authority Administrative Fund	25,351
Accounts payable	7,821
Accrued expenses	22,266
Unearned revenue	(15,515)
Total adjustments	<u>431,380</u>
Net cash provided by operating activities	<u><u>\$ 483,613</u></u>

(Concluded)

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

**DAUPHIN COUNTY GENERAL AUTHORITY,
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

1. Nature of Entity and Summary of Significant Accounting Policies

A. Reporting Entity

Dauphin Highlands Golf Course (Dauphin Highlands) is an 18-hole public golf course owned by the Dauphin County General Authority (Authority) and operated by Dauphin Highlands Golf Management, LLC (DHGM). Dauphin Highlands is an Enterprise Fund of the Authority, which is a component unit of the County of Dauphin, Pennsylvania (County). Construction of the course was completed and operation of the course began on September 1, 1995.

The Authority has agreed to pay the County 90% of revenues earned at Dauphin Highlands, net of operating expenses and debt service. Such amounts will only be paid after Dauphin Highlands has achieved positive fund equity. The Authority will retain the remaining 10% of the net revenues for its general operations and other purposes.

B. Basis of Presentation

The financial statements have been prepared assuming that Dauphin Highlands will continue as a going concern. For the year ended December 31, 2022, the Dauphin Highlands generated an Operating Gain of \$52,233 and a positive net cash flow from operations of \$483,613. The management company and the Authority will continue to strive toward increasing operating revenue while keeping operating expenses contained.

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.

Proprietary Fund Type

Dauphin Highlands is an Enterprise Fund of the Authority. Enterprise Funds are used to account for activities that are financed and operated in a manner similar to private business, with the intent that the cost (including depreciation and other noncash expenses) of providing goods or services on a continuing basis be financed or recovered, primarily through user charges.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Dauphin Highlands utilizes the accrual basis of accounting, in which revenues are recognized when they are earned and expenses are recognized when they are incurred.

Dauphin Highlands distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with Dauphin Highlands' principal ongoing operations. The principal operating revenues of Dauphin Highlands are greens fees, rentals, and food services. Operating expenses for Dauphin Highlands include expenses necessary to maintain the golf course and the related facilities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Enterprise Funds are accounted for on an economic resources measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activities are included on their balance sheets. Operating statements of these funds present increases (revenues) and decreases (expenses) in net position.

C. Cash and Cash Equivalents

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

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

D. Prepaid Expenses

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

E. 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 of the golf course, and also represents items for sale. Inventory is expensed when items are used or sold.

F. 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). 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. 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.

Depreciation and amortization were calculated on the straight-line method using the following useful lives for the year ended December 31, 2022:

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

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YEAR ENDED DECEMBER 31, 2022

G. Leases

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

At the commencement of a lease, Dauphin Highlands 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 Dauphin Highlands determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- Dauphin Highlands uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, Dauphin Highlands generally uses its estimated incremental borrowing rate as the discount rate for leases.
- 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 Dauphin Highlands is reasonably certain to exercise.

Dauphin Highlands 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.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

H. Unearned Revenue

Unearned revenue 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, Dauphin Highlands sells annual memberships. 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.

I. Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable trust indentures or other agreements.

J. Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduces this category.

Restricted Net Position – This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of Dauphin Highlands that is not restricted for any project or other purpose.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

K. Risk Management

Dauphin Highlands is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; 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.

L. 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.

M. Adopted Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were 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 payable and right-to-use asset (net of amortization) in the amount of \$21,895 was recorded as of January 1, 2022.

N. Pending Pronouncements

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.

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

2. Deposits

Pennsylvania statutes provide 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 statutes allow pooling of governmental funds for investment purposes.

The deposit policy of Dauphin Highlands adheres to state statutes and prudent business practice. Dauphin Highlands maintains funds in demand deposits. There were no deposit transactions during the year that were in violation of either state statutes or the policy of the Authority.

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. As of December 31, 2022, the bank and the book balances are \$551,416 and \$558,375, respectively. Of the unrestricted bank balance, \$250,000 was covered by federal depository insurance and \$272,147 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. Of the restricted bank balance, \$36,228 was covered by federal depository insurance.

**DAUPHIN COUNTY GENERAL AUTHORITY,
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

3. Capital Assets

Changes in capital assets for the year ended December 31, 2022 consist of the following:

	Beginning Balance	Increases	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 and amortized:				
Land improvements	7,174,867	6,734	-	7,181,601
Buildings	1,136,594	-	-	1,136,594
Building improvements	610,930	-	-	610,930
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 and amortized	10,981,660	30,471	-	11,012,131
Less accumulated depreciation and amortization for:				
Land improvements	(5,219,157)	(333,906)	-	(5,553,063)
Buildings	(991,064)	(37,886)	-	(1,028,950)
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	(38,493)	(880)	-	(39,373)
Total accumulated depreciation and amortization	(8,474,524)	(474,425)	-	(8,948,949)
Total capital assets, being depreciated and amortized, net	2,507,136	(443,954)	-	2,063,182
Capital assets, net	\$ 4,595,802	\$ (443,954)	\$ -	\$ 4,151,848

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Depreciation and amortization expense of \$474,425 includes \$27,365 for the amortization of interest costs capitalized during the construction period at Dauphin Highlands.

4. Due to Dauphin County General Authority Administrative Fund

Working capital for Dauphin Highlands was previously provided by the Authority Administrative Fund. At December 31, 2022, the Administrative Fund has advanced \$5,339,733 to Dauphin Highlands. During the year ended December 31, 2022, Dauphin Highlands did not make any repayments to the Authority Administrative Fund for previous working capital advances. No interest is currently being accrued on this advanced balance.

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.

5. Leases

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:

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

**DAUPHIN COUNTY GENERAL AUTHORITY,
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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

6. Debt

Direct placement long-term liability activity for Dauphin Highlands for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Revenue Bonds (2016)	\$ 7,630,512	\$ -	\$ (7,630,512)	\$ -	\$ -
Revenue Bonds (2020)	1,146,300	-	(108,348)	1,037,952	112,400
Revenue Bonds (2022)	-	7,542,000	(92,520)	7,449,480	162,224
	<u>\$ 8,776,812</u>	<u>\$ 7,542,000</u>	<u>\$ (7,831,380)</u>	<u>\$ 8,487,432</u>	<u>\$ 274,624</u>

Bonds Payable

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 Dauphin Highlands. 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 and pay issuance costs. 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).

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

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YEAR ENDED DECEMBER 31, 2022

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, Dauphin Highlands 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 lesser 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,
DAUPHIN HIGHLANDS GOLF COURSE FUND**
(AN ENTERPRISE FUND OF DAUPHIN COUNTY GENERAL AUTHORITY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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, which have resulted in cash flow difficulties.

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.