

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

Financial Statements

Year Ended December 31, 2023
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, 2023

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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, 2023, 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, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 17, 2024

DAUPHIN COUNTY GENERAL AUTHORITY

BALANCE SHEET

PROPRIETARY FUNDS

DECEMBER 31, 2023

	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		
Assets and Deferred Outflows of Resources						
Assets:						
Current assets:						
Cash and cash equivalents	\$ -	\$ 915,247	\$ -	\$ 915,247	\$ 2,634,643	\$ 3,549,890
Accounts receivable	16,535	840	-	17,375	-	17,375
Internal receivables	-	-	-	-	303,262	-
Inventory	-	89,933	-	89,933	-	89,933
Current portion of lease receivable	3,871,156	-	-	3,871,156	-	3,871,156
Current portion of financed purchase receivable with primary government	-	-	233,081	233,081	-	233,081
Prepaid expenses	175,000	121,739	-	296,739	-	296,739
Accrued interest receivable	8,512	-	-	8,512	-	8,512
Total current assets	4,071,203	1,127,759	233,081	5,432,043	2,937,905	8,066,686
Internal receivables	-	-	-	-	6,923,258	-
Lease receivable, net of current portion	54,849,727	-	-	54,849,727	-	54,849,727
Financed purchase receivable with primary government, net of current portion	-	-	4,269,913	4,269,913	-	4,269,913
Capital assets not being depreciated	-	2,088,666	-	2,088,666	-	2,088,666
Capital assets (net of accumulated depreciation and amortization of \$48,463,510)	10,960,234	2,329,862	-	13,290,096	-	13,290,096
Amounts restricted for long-term debt requirements:						
Cash and cash equivalents	5,243,473	35,186	-	5,278,659	-	5,278,659
Investments	1,948,525	-	-	1,948,525	-	1,948,525
Total Assets	77,073,162	5,581,473	4,502,994	87,157,629	9,861,163	89,792,272
Deferred Outflows of Resources:						
Deferred charge on refunding	13,815	-	-	13,815	-	13,815
Total Deferred Outflows of Resources	13,815	-	-	13,815	-	13,815
Total Assets and Deferred Outflows of Resources	\$ 77,086,977	\$ 5,581,473	\$ 4,502,994	\$ 87,171,444	\$ 9,861,163	\$ 89,806,087

	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		
Liabilities, Deferred Inflows of Resources, and Net Position						
Liabilities:						
Current liabilities:						
Internal payables	\$ 179,962	\$ 123,300	\$ -	\$ 303,262	\$ -	\$ -
Accounts payable	130,927	11,641	-	142,568	16,291	158,859
Accrued expenses	1,135,585	140,903	-	1,276,488	-	1,276,488
Unearned revenue	510,629	155,184	-	665,813	-	665,813
Current portion of long-term debt	2,206,200	283,808	233,081	2,723,089	-	2,723,089
Total current liabilities	4,163,303	714,836	233,081	5,111,220	16,291	4,824,249
Long-term liabilities:						
Internal payables	847,930	6,075,328	-	6,923,258	-	-
Long-term debt, net of current portion	26,839,522	7,928,990	4,269,913	39,038,425	-	39,038,425
Total Liabilities	31,850,755	14,719,154	4,502,994	51,072,903	16,291	43,862,674
Deferred Inflows of Resources:						
Deferred charge on refunding	644,732	-	-	644,732	-	644,732
Lease related	50,460,558	-	-	50,460,558	-	50,460,558
Total Deferred Inflows of Resources	51,105,290	-	-	51,105,290	-	51,105,290
Net Position:						
Net investment in capital assets	(17,790,810)	(4,927,544)	-	(22,718,354)	-	(22,718,354)
Restricted:						
Fund operations	11,921,742	-	-	11,921,742	-	11,921,742
Unrestricted	-	(4,210,137)	-	(4,210,137)	9,844,872	5,634,735
Total Net Position	(5,869,068)	(9,137,681)	-	(15,006,749)	9,844,872	(5,161,877)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 77,086,977	\$ 5,581,473	\$ 4,502,994	\$ 87,171,444	\$ 9,861,163	\$ 89,806,087

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, 2023

	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		
Operating Revenues:						
Interest income - investments	\$ 183,690	\$ -	\$ -	\$ 183,690	\$ 90,735	\$ 274,425
Income from financed purchase	-	-	151,654	151,654	-	151,654
Net lease rental income	385,552	-	-	385,552	-	385,552
Administrative fees	-	-	-	-	391,607	391,607
Golf fees	-	1,828,463	-	1,828,463	-	1,828,463
Auxiliary golf course revenues	-	657,739	-	657,739	-	657,739
Total operating revenues	569,242	2,486,202	151,654	3,207,098	482,342	3,689,440
Operating Expenses:						
Administrative costs	572,216	295,527	-	867,743	186,649	1,054,392
Operating expenses	2,385,130	1,525,836	-	3,910,966	-	3,910,966
Depreciation and amortization	1,981,304	459,052	-	2,440,356	-	2,440,356
Amortization of deferred charge on refunding	(124,798)	-	-	(124,798)	-	(124,798)
Accretion	562,096	-	-	562,096	-	562,096
Interest expense	668,134	262,909	151,654	1,082,697	-	1,082,697
Total operating expenses	6,044,082	2,543,324	151,654	8,739,060	186,649	8,925,709
Operating Income (Loss)	(5,474,840)	(57,122)	-	(5,531,962)	295,693	(5,236,269)
Non-operating Revenue:						
Grant revenue	-	130,344	-	130,344	-	130,344
Gain on sale of capital asset	-	65,700	-	65,700	-	65,700
Lease principal revenue	4,228,459	-	-	4,228,459	-	4,228,459
Lease interest revenue	2,381,103	-	-	2,381,103	-	2,381,103
Total non-operating revenue	6,609,562	196,044	-	6,805,606	-	6,805,606
Change in Net Position	1,134,722	138,922	-	1,273,644	295,693	1,569,337
Net Position:						
Beginning of year	(7,003,790)	(9,276,603)	-	(16,280,393)	9,549,179	(6,731,214)
End of year	<u>\$ (5,869,068)</u>	<u>\$ (9,137,681)</u>	<u>\$ -</u>	<u>\$ (15,006,749)</u>	<u>\$ 9,844,872</u>	<u>\$ (5,161,877)</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, 2023

	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		
Cash Flows From Operating Activities:						
Cash received from users	\$ 385,251	\$ 2,511,990	\$ 419,008	\$ 3,316,249	\$ 391,607	\$ 3,707,856
Cash paid to suppliers	(3,146,476)	(1,806,490)	-	(4,952,966)	(55,640)	(5,008,606)
Net cash provided by (used in) operating activities	(2,761,225)	705,500	419,008	(1,636,717)	335,967	(1,300,750)
Cash Flows From Investing Activities:						
Purchase of investment securities	(420,108)	-	-	(420,108)	-	(420,108)
Interest received	183,690	-	-	183,690	90,735	274,425
Net cash provided by (used in) investing activities	(236,418)	-	-	(236,418)	90,735	(145,683)
Cash Flows From Capital and Related Financing Activities:						
Principal payments on bonds payable	(1,467,100)	(274,624)	-	(1,741,724)	-	(1,741,724)
Change in internal receivables and payables	-	772,459	-	772,459	(772,459)	-
Lease principal payments	-	(10,420)	-	(10,420)	-	(10,420)
Lease principal receipts	3,710,060	-	-	3,710,060	-	3,710,060
Lease interest receipts	2,381,103	-	-	2,381,103	-	2,381,103
Purchase of property and equipment	(36,320)	(727,033)	-	(763,353)	-	(763,353)
Grant proceeds	-	130,344	-	130,344	-	130,344
Proceeds from sale of capital assets	-	65,700	-	65,700	-	65,700
Interest paid	(668,134)	(262,909)	-	(931,043)	-	(931,043)
Net cash provided by (used in) capital and related financing activities	3,919,609	(306,483)	-	3,613,126	(772,459)	2,840,667
Cash Flows From Noncapital Financing Activities:						
Principal payments on note payable	-	-	(267,354)	(267,354)	-	(267,354)
Interest paid	-	-	(151,654)	(151,654)	-	(151,654)
Net cash used in noncapital financing activities	-	-	(419,008)	(419,008)	-	(419,008)
Net Increase (Decrease) in Cash and Cash Equivalents	921,966	399,017	-	1,320,983	(345,757)	975,226
Cash and Cash Equivalents:						
Beginning of year	4,321,507	551,416	-	4,872,923	2,980,400	7,853,323
End of year	\$ 5,243,473	\$ 950,433	\$ -	\$ 6,193,906	\$ 2,634,643	\$ 8,828,549

DAUPHIN COUNTY GENERAL AUTHORITY

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2023

(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		
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	\$ (5,474,840)	\$ (57,122)	\$ -	\$ (5,531,962)	\$ 295,693	\$ (5,236,269)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	1,981,304	459,052	-	2,440,356	-	2,440,356
Interest income - investments	(183,690)	-	-	(183,690)	(90,735)	(274,425)
Interest expense	668,134	262,909	151,654	1,082,697	-	1,082,697
Amortization of deferred charge on refunding	(124,798)	-	-	(124,798)	-	(124,798)
Accretion	562,096	-	-	562,096	-	562,096
Changes in assets and liabilities:						
Decrease (Increase) in accounts receivable	(3,496)	22,994	-	19,498	-	19,498
Decrease (increase) in inventory	-	(29,524)	-	(29,524)	-	(29,524)
Increase (decrease) in internal payables	(148,309)	23,486	-	(124,823)	124,823	-
Decrease (increase) in prepaid expenses	-	22,827	-	22,827	-	22,827
Increase in accrued interest income	(3,752)	-	-	(3,752)	-	(3,752)
Decrease in investments in financed purchase receivable	-	-	267,354	267,354	-	267,354
Decrease (increase) in accounts payable	(64,449)	(16,971)	-	(81,420)	6,186	(75,234)
Increase (decrease) in accrued expenses	23,628	15,055	-	38,683	-	38,683
Increase (decrease) in unearned revenue	6,947	2,794	-	9,741	-	9,741
Total adjustments	2,713,615	762,622	419,008	3,895,245	40,274	3,935,519
Net cash provided by (used in) operating activities	<u>\$ (2,761,225)</u>	<u>\$ 705,500</u>	<u>\$ 419,008</u>	<u>\$ (1,636,717)</u>	<u>\$ 335,967</u>	<u>\$ (1,300,750)</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, 2023

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.

DAUPHIN COUNTY GENERAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023

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. 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 inflow or resources is initially measured as the initial amount of the lease receivable, adjusted

DAUPHIN COUNTY GENERAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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.

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.

DAUPHIN COUNTY GENERAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 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 rental income, 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.

Pending Changes in Accounting Principles

GASB has issued statements that will become effective in future years including 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences), and 102 (Certain

DAUPHIN COUNTY GENERAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

Risk Disclosures). 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, 2023, the book balance of the Authority's unrestricted deposits was \$3,549,890 and the bank balance was \$3,549,895. Of the unrestricted bank balance, \$250,000 was covered by federal depository insurance and \$3,299,895 was collateralized under Act 72 of the 1971 session of the Pennsylvania General Assembly for the protection of public depositors. At December 31, 2023, the book balance of the Authority's restricted deposits was \$5,278,659 and the bank balance was \$5,277,321. Of the restricted bank balance, \$33,848 was covered by federal depository insurance and \$5,243,473 was collateralized under Act 72.

DAUPHIN COUNTY GENERAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS

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Investments

The Authority's Level 1 investments reported on the balance sheet at December 31, 2023 are as follows:

	<u>Fair Value</u>
Restricted:	
Money market funds	<u>\$ 1,948,525</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, 2023.

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

YEAR ENDED DECEMBER 31, 2023

3. Interfund Balances

The composition of interfund balances at December 31, 2023 was as follows:

	Interfund Receivables	Interfund Payables
Riverfront Office Center Fund	\$ -	\$ 1,027,892
Dauphin Highlands Golf Course Fund	-	6,198,628
Internal Service Fund	7,226,520	-
	<u>\$ 7,226,520</u>	<u>\$ 7,226,520</u>

Working capital for Dauphin Highlands was provided by the Authority Administrative Fund. At December 31, 2023, the Administrative Fund had advanced \$5,339,733 to Dauphin Highlands.

In addition to the above, \$858,895 is also owed to the Authority Administrative Fund for the various expenses including equipment purchases and buying out a golf cart contract that were paid on behalf of Dauphin Highlands during 2023. \$123,300 of the \$858,895 is in the current portion of due to Dauphin County General Authority Administrative Fund on the Dauphin Highlands balance sheet as of December 31, 2023.

In 2017, the Authority Administrative 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. The Riverfront Office Center Fund is working on repaying the remaining \$1,022,930 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 February 2024, \$175,000 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, 2023. In addition, \$4,962 is owed to the Authority Administrative Fund for the various expenses that were paid on behalf of the Riverfront Office Center during 2023.

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.

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NOTES TO FINANCIAL STATEMENTS

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

<u>Years Ending December 31,</u>	
2024	\$ 365,276
2025	386,775
2026	386,775
2027	386,775
2028	453,765
2029-2033	2,178,134
2034-2038	<u>1,798,049</u>
	<u><u>\$ 5,955,549</u></u>

The financed purchase receivable for the Magisterial District Justice Fund consists of the following at December 31, 2023:

Total minimum lease payments	\$ 5,955,549
to be received	
Less: unearned income	<u>1,452,555</u>
	<u><u>\$ 4,502,994</u></u>
Current portion	\$ 233,081
Noncurrent portion	<u>4,269,913</u>
	<u><u>\$ 4,502,994</u></u>

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NOTES TO FINANCIAL STATEMENTS

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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 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 \$148,738 of interest revenue during 2023 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 lessee 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 \$2,232,369 of interest revenue during 2023 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, 2023.

<u>Lease Term</u>	<u>Lease Receivable</u>	<u>Deferred Inflow of Resources</u>
01/01/2015-12/01/2034	\$ 3,654,370	\$ 3,090,416
01/01/2016-12/01/2035	55,066,513	47,370,142
	<u>\$ 58,720,883</u>	<u>\$ 50,460,558</u>

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NOTES TO FINANCIAL STATEMENTS

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The expected future payments to be received under the terms of the leases at December 31, 2023 are as follows:

Years	Principal	Interest	Total
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	4,583,124	1,572,613	6,155,737
2029-2033	26,022,404	4,954,174	30,976,578
2034-2035	11,597,912	472,191	12,070,103
	<u>\$ 58,720,883</u>	<u>\$ 14,974,707</u>	<u>\$ 73,695,590</u>

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NOTES TO FINANCIAL STATEMENTS

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6. Capital Assets

Changes in capital assets of the business-type activities at December 31, 2023 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	7,181,602	43,199	-	7,224,801
Buildings	51,397,461	36,319	-	51,433,780
Building improvements	610,929	32,924	-	643,853
Golf course equipment	1,989,479	639,106	(246,285)	2,382,300
Other equipment	58,370	10,502	-	68,872
Total capital assets, being depreciated	61,237,841	762,050	(246,285)	61,753,606
Less accumulated depreciation and amortization for:				
Land improvements	5,553,063	335,300	-	5,888,363
Buildings	38,384,600	2,019,188	-	40,403,788
Building improvements	480,232	19,495	-	499,727
Golf course equipment	1,822,593	55,071	(246,285)	1,631,379
Other equipment	39,373	880	-	40,253
Total accumulated depreciation and amortization	46,279,861	2,429,934	(246,285)	48,463,510
Capital assets, being depreciated, net	14,957,980	(1,667,884)	-	13,290,096
Capital assets, net	<u>\$ 17,046,646</u>	<u>\$ (1,667,884)</u>	<u>\$ -</u>	<u>\$ 15,378,762</u>

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NOTES TO FINANCIAL STATEMENTS

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7. Long-term Debt

Long-term debt outstanding at December 31, 2023 is as follows:

Office and Parking Revenue Bonds (Riverfront Office Center):	
Series C of 1998 - Capital Appreciation Bonds	\$ 8,453,422
Series of 2019	1,212,300
Series of 2020	19,380,000
Dauphin County Guaranteed Lease Revenue Note (Magisterial District Justice Fund):	
Series of 2017	4,502,994
Dauphin County Guaranteed Revenue Bonds (Dauphin Highlands):	
Series of 2020	925,543
Series of 2022	7,287,255
	<u>\$ 41,761,514</u>

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

Current portion of long-term debt	\$ 2,723,089
Long-term debt, net of current portion	<u>39,038,425</u>
	<u>\$ 41,761,514</u>

Long-term liability activity for the Authority's business-type activities for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	\$ 7,891,326	\$ 562,096	\$ -	\$ 8,453,422	\$ 700,000
Direct placement					
Bonds payable	30,546,832	-	(1,741,734)	28,805,098	1,790,008
Notes payable	4,770,347	-	(267,353)	4,502,994	233,081
	<u>\$ 43,208,505</u>	<u>\$ 562,096</u>	<u>\$ (2,009,087)</u>	<u>\$ 41,761,514</u>	<u>\$ 2,723,089</u>

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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, 2023.

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.

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NOTES TO FINANCIAL STATEMENTS

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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	\$ 676,326
July 1, 2026	265,047	1,450,000	310,315	1,220,856
January 1, 2027	256,074	1,820,000	437,874	1,480,570
July 1, 2027	247,411	1,820,000	484,611	1,430,502
January 1, 2028	3,310,677	4,800,000	1,397,232	3,645,168
	<u>\$ 4,383,349</u>	<u>\$ 10,590,000</u>	<u>\$ 2,698,674</u>	<u>\$ 8,453,422</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 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 SOFR 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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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
2024	4.70%	\$ 71,200	\$ 51,855	\$ 123,055
2025	6.00%	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	6.00%	90,500	52,277	142,777
2029-2033	6.00%	543,900	162,280	706,180
2034-2035	6.00%	265,600	16,589	282,189
		<u>\$ 1,212,300</u>	<u>\$ 470,260</u>	<u>\$ 1,682,560</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 SOFR 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.

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

Years	Interest Rate	Principal	Interest	Total
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	2.90%	1,615,000	382,095	1,997,095
2029-2033	2.9%-6.0%	8,835,000	1,158,572	9,993,572
2034-2035	6.00%	2,905,000	86,090	2,991,090
		<u>\$ 19,380,000</u>	<u>\$ 3,605,213</u>	<u>\$ 22,985,213</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.

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The 2017 Notes bear interest and mature as follows:

Years	Interest Rate	Principal	Interest	Total
2024	3.00%	\$ 233,081	\$ 132,820	\$ 365,901
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	5.00%	286,290	167,475	453,765
2029-2033	5.00%	1,567,488	610,646	2,178,134
2034-2038	5.00%	1,606,978	190,446	1,797,424
Total		<u>\$ 4,502,994</u>	<u>\$ 1,452,555</u>	<u>\$ 5,955,549</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. During the year ended December 31, 2023, the 1993 Series Capital Appreciation Bonds were paid in full.

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).

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.

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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 SOFR 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, 2023 was 5.5%. 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, 2023, the Series of 2020 Bonds mature as follows:

Years	Principal Amount	Interest	Total
2024	\$ 116,900	\$ 47,710	\$ 164,610
2025	121,700	41,148	162,848
2026	126,700	34,317	161,017
2027	131,900	27,206	159,106
2028	137,200	19,806	157,006
2029-2030	291,142	16,195	307,337
Total	<u>\$ 925,542</u>	<u>\$ 186,382</u>	<u>\$ 1,111,924</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.

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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
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	187,038	185,389	372,427
2029-2033	1,052,949	1,428,927	2,481,876
2034-2038	1,210,481	1,192,208	2,402,689
2039-2043	1,388,459	868,219	2,256,678
2044-2048	1,592,667	496,590	2,089,257
2049-2052	1,158,551	97,924	1,256,475
Total	<u>\$ 7,287,256</u>	<u>\$ 5,061,851</u>	<u>\$ 12,349,107</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.

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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, 2023:

University of Pittsburgh Medical Center	\$ 83,385,000
University of Pittsburgh Medical Center	78,130,000
Harrisburg University	100,000,000
Harrisburg University	<u>49,135,000</u>
	<u>\$ 310,650,000</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, 2023, \$391,607 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, 2023 were \$538,409.

11. Net Position

The following funds of the Authority had negative net position as of December 31, 2023:

<u>Fund</u>	
Riverfront Office Center	\$ 5,869,068
Dauphin Highlands Golf Course	<u>9,137,681</u>
Total	<u>\$ 15,006,749</u>

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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. There were no reductions in insurance coverages in 2023. 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 insurance coverages are adequate to cover any potential claims against the Authority.

13. Subsequent Event

In March 2024, the Authority paid \$1,141,000 to pay in full the Series of 2019 Bonds.