

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

REDEVELOPMENT AUTHORITY OF THE
COUNTY OF DAUPHIN
(A COMPONENT UNIT OF THE COUNTY OF DAUPHIN)
YEAR ENDED JUNE 30, 2023

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Zelenkofske Axelrod LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Redevelopment Authority of the County of Dauphin
Board of Directors
Harrisburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Redevelopment Authority of the County of Dauphin (the "Authority"), a component unit of the County of Dauphin, as of and for the year ended June 30, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 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 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.

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 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 GAAS 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.

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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.

Adoption of Governmental Accounting Standards Board (GASB) Pronouncements

As discussed in Note 1 to the financial statements, in 2023 the Authority adopted the provisions of GASB Statement No. 91, "Conduit Debt Obligation", GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", and GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." Our opinion is not modified with respect to these matters.

Other Matters

Omission of the Management's Discussion and Analysis

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.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD, LLC

Harrisburg, Pennsylvania
January 19, 2024

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN
(A COMPONENT UNIT OF THE COUNTY OF DAUPHIN)
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2023

ASSETS

Restricted Cash	\$ 4,707,834
Accounts Receivable	286
Due From Related Party	<u>2,250</u>
Total Assets	<u><u>\$ 4,710,370</u></u>

LIABILITIES

Accounts Payable	\$ 19,278
Due to Other Governments	334,655
Due to Related Party	13,000
Unearned Revenue	<u>4,489,826</u>
Total Liabilities	<u>4,856,759</u>

NET POSITION (DEFICIT)

Net Position (Deficit)	<u>(146,389)</u>
Total Net Position (Deficit)	<u><u>\$ (146,389)</u></u>

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

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN
(A COMPONENT UNIT OF THE COUNTY OF DAUPHIN)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2023

Operating Revenues		
Intergovernmental	\$	874,420
Miscellaneous Revenue		<u>12,000</u>
Total Operating Revenues		<u>886,420</u>
Operating Expenses		
Administrative		140,599
Public Services		<u>855,410</u>
Total Operating Expenses		<u>996,009</u>
Operating Income (Loss)		<u>(109,589)</u>
Nonoperating Revenue		
Interest Income		<u>22,681</u>
Total Nonoperating Revenue		<u>22,681</u>
Change in Net Position (Deficit)		(86,908)
Total Net Position (Deficit), Beginning of Year		<u>(59,481)</u>
Total Net Position (Deficit), End of Year	\$	<u><u>(146,389)</u></u>

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

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN
(A COMPONENT UNIT OF THE COUNTY OF DAUPHIN)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash Flows From Operating Activities:	
Cash received from intergovernmental grants	\$ 5,329,613
Payments to suppliers	<u>(1,032,983)</u>
Net cash flow provided by operating activities	<u>4,296,630</u>
Cash Flows from Investing Activities:	
Interest Income	<u>22,681</u>
Net cash flow provided by investing activities	<u>22,681</u>
Net Increase (Decrease) in Cash	4,319,311
Cash, Beginning of Year	<u>388,523</u>
Cash, End of Year	<u>\$ 4,707,834</u>
Reconciliation of Operating Income (Loss) to net cash provided by (used in)	
Operating Activities:	
Operating Income (Loss)	\$ (109,589)
Change in assets and liabilities	
Unearned revenue	4,443,193
Due to related parties	(24,000)
Accounts payable	<u>(12,974)</u>
Net cash provided by operating activities	<u>\$ 4,296,630</u>

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

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN
(A COMPONENT UNIT OF THE COUNTY OF DAUPHIN)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Redevelopment Authority of the County of Dauphin (the "Authority") was established by ordinance on March 26, 1958, under the Urban Redevelopment Law enacted by the Commonwealth of Pennsylvania. The Authority is, by virtue of the Pennsylvania Redevelopment Law, Act 1945, authorized to issue its revenue bonds in order to undertake programs for the voluntary repair, rehabilitation and conservation of residential housing. The Authority was established by the County to administer the Urban Revitalization programs for the County of Dauphin. The Authority is a component unit of Dauphin County.

A summary of the Authority's significant accounting policies consistently applied are as follows.

A. Reporting Entity

The Authority has adopted the provisions of GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.*" The Authority has not identified any entities which should be included in the Authority's reporting entity.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The Authority applies Governmental Accounting Standards Board (GASB) pronouncements.

All activities of the Authority are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net position, revenues and expenses. The activities of the Authority are grouped in the financial statements in this report into the broad category referred to as an Enterprise Fund. Enterprise funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets net of total liabilities) is reported as "restricted". When total liabilities exceed total assets a "Net Deficit" is reported.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN
(A COMPONENT UNIT OF THE COUNTY OF DAUPHIN)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

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 for their intended purposes.

C. Cash and Cash Equivalents

The Authority considers all highly liquid investments with an original maturity of 3 months or less when purchased to be cash equivalents.

D. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Adoption of Governmental Accounting Standards Board Statements

The Authority adopted the provisions of GASB Statement No. 91, "*Conduit Debt Obligation*". The adoption of this statement did not result in modification of previously reported amounts.

The Authority adopted the provisions of GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*". The adoption of this statement did not result in modification of previously reported amounts.

The Authority adopted the provisions of GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*". The adoption of this statement did not result in modification of previously reported amounts.

F. Pending Changes in Accounting Principles

In June 2022, the GASB issued Statement No. 100, "*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*". The Authority is required to adopt the provisions of Statement No. 100 for its fiscal year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, "*Compensated Absences*". The Authority is required to adopt the provisions of Statement No. 101 for its fiscal year 2025 financial statements.

In December 2023, the GASB issued Statement No. 102, "*Certain Risk Disclosures*". The Authority is required to adopt the provisions of Statement No. 102 for its fiscal year 2025 financial statements.

The Authority has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN
(A COMPONENT UNIT OF THE COUNTY OF DAUPHIN)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

G. Net Position (Deficit)

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

Unrestricted Net Position/Net Deficit – This category represents net position of the Authority, not restricted for any project or any other purpose.

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.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its deposits that are in the possession of an outside party.

As of June 30, 2023, the Authority's cash balance was \$4,707,834 and its bank balance was \$4,707,834. At June 30, 2023, \$4,207,834 of the Authority's deposits were exposed to custodial credit risk. The Authority does not have a written policy to limit its exposure to custodial credit risk.

NOTE 3: RELATED PARTY

County of Dauphin

The Authority is administered by the County of Dauphin (the "County") through the Dauphin County Department of Community and Economic Development. The Authority is not owned in part or in total by the County. However, the Board of Commissioners of the County of Dauphin (the Commissioners) has the sole power to appoint members of the Authority's Board of Directors.

The County pays for all significant management and administrative costs required to operate the Authority on a day-to-day basis. The Authority's management and support staff are employees of the County.

Dauphin County Industrial Development Authority and Dauphin County Economic Development Corporation

The Authority shares management, support staff and office space with the Dauphin County Department of Community and Economic Development (DCED) and two other organizations, the Dauphin County Industrial Development Authority (DCIDA) and the Dauphin County Economic Development Corporation (DCEDC). The Authority is not owned in part or in total by DCIDA or DCEDC, has no ownership interest therein, and receives no revenue from DCIDA or DCEDC. However, while DCIDA and DCEDC are governed by the same Board of Directors, the Authority is governed by a separate Board of Directors, all of which are appointed by the Dauphin County Commissioners.

REDEVELOPMENT AUTHORITY OF THE COUNTY OF DAUPHIN
(A COMPONENT UNIT OF THE COUNTY OF DAUPHIN)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 4: CONTINGENCIES

Economic Dependency

Formal commitment for future local grant funding is made on an annual basis. Reduction of, or loss of, this funding could have a significant effect on the Authority's programs and activities.

Properties Held for Transfer

The Authority owns several Dauphin County properties and many of those located within floodplains. The Authority intends to transfer these properties to the municipalities in which the parcels are located. It is the opinion of management that these parcels have zero value, and as such they have not been recorded in the financial statements of the Authority as of June 30, 2023.

NOTE 5: NET DEFICIT

The Authority ended the year with a Net Deficit of \$146,389. The deficit will be funded by future allocations from the county.

NOTE 6: SUBSEQUENT EVENTS

The Authority has evaluated all subsequent events through the report issuance date. No matters of audit significance have been noted.