

**EAST GOSHEN MUNICIPAL AUTHORITY**

**FINANCIAL STATEMENTS**

*Year Ended December 31, 2022*

## **INTRODUCTORY SECTION**

# **EAST GOSHEN MUNICIPAL AUTHORITY**

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**YEAR ENDED DECEMBER 31, 2022**

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## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Members of the Board  
East Goshen Municipal Authority  
West Chester, Pennsylvania

### ***Opinion***

We have audited the accompanying financial statements of the East Goshen Municipal Authority (a component unit of East Goshen Township), which comprise the statement of net position as of December 31, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the East Goshen Municipal Authority as of December 31, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Goshen Municipal 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***

East Goshen Municipal Authority's 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 East Goshen Municipal Authority's ability to continue as a going concern for one year after the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' 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 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.

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 East Goshen Municipal 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 East Goshen Municipal 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.

To the Members of the Board  
East Goshen Municipal Authority  
West Chester, Pennsylvania

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Maille LLP*

New Castle, Delaware  
February 21, 2023

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2022**

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Our discussion and analysis of the East Goshen Municipal Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Authority's financial statements, which begin with the statement of net position.

**FINANCIAL HIGHLIGHTS**

Cash and Grant receivable represents 0.2% of the Authority's total assets, and the lease rental receivable accounts for 98.8% of the total assets.

The Authority has \$6,620,000 in outstanding debt compared to \$7,142,000 last year. The Series of 2008 matures annually through 2032. The Series of 2013 debt matures annually through 2033.

The total liabilities of the Authority exceeded its assets by \$58,137 (net position).

During the year ended December 31, 2022, total revenues of the Authority were \$1,172,895, and total expenses were \$1,211,676. This resulted in a decrease in net position for the year of \$(38,781).

Included in expenses for 2022 was \$1,083,695 of capital contributions and payments to East Goshen Township. This included funds expended for payments to West Goshen Township for sewage treatment and other operating expenses.

The following two tables summarize the Authority's net position and changes in net position.

**Table 1 - Net Position**

|   | <u>2022</u>                | <u>2021</u>                |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>                             |                            |                            |
| Cash and cash equivalents                 | \$ 5,172                   | \$ 11,620                  |
| Grant receivable                          | 9,446                      | -                          |
| Lease rental receivable                   | <u>6,620,000</u>           | <u>7,142,000</u>           |
| <b>TOTAL ASSETS</b>                       | <b>\$ <u>6,634,618</u></b> | <b>\$ <u>7,153,620</u></b> |
| <b>LIABILITIES AND NET POSITION</b>       |                            |                            |
| <b>LIABILITIES</b>                        |                            |                            |
| Accounts payable                          | \$ 68,624                  | \$ 26,518                  |
| Accrued interest payable                  | 4,131                      | 4,458                      |
| Guaranteed notes payable                  | <u>6,620,000</u>           | <u>7,142,000</u>           |
| <b>TOTAL LIABILITIES</b>                  | <b>6,692,755</b>           | <b>7,172,976</b>           |
| <b>NET POSITION</b>                       | <b><u>(58,137)</u></b>     | <b><u>(19,356)</u></b>     |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ <u>6,634,618</u></b> | <b>\$ <u>7,153,620</u></b> |



**EAST GOSHEN MUNICIPAL AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2022**

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**Table 2 - Change in Net Position**

|                                   | <u>2022</u>        | <u>2021</u>        |
|-----------------------------------|--------------------|--------------------|
| REVENUES                          | \$ 1,172,895       | \$ 1,081,309       |
| EXPENSES                          | <u>1,211,676</u>   | <u>1,102,198</u>   |
| CHANGE IN NET POSITION            | (38,781)           | (20,889)           |
| NET POSITION AT BEGINNING OF YEAR | <u>(19,356)</u>    | <u>1,533</u>       |
| NET POSITION AT END OF YEAR       | \$ <u>(58,137)</u> | \$ <u>(19,356)</u> |

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Authority. The components of the report include the independent auditors' report, management's discussion and analysis, financial statements and notes to the basic financial statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Authority's financial statements.

The Management's Discussion and Analysis (MD&A), prepared by the Township staff, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows and the notes to the basic financial statements.

- The statement of net position shows the financial condition of the Authority at the end of the fiscal period or a specific snapshot in time.
- The statement of revenues, expenses and changes in net position measures the results of operations of the Authority during the fiscal period.
- The statement of cash flows measures the resources provided during the fiscal period and the uses to which they are put.
- The notes to the basic financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Authority's financial condition.

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2022**

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**DEBT ADMINISTRATION**

At the end of the year, the Authority had total long-term debt of \$6,620,000. This debt consists of two guaranteed notes payable to the Delaware Valley Regional Finance Authority (DVRFA) and backed by the full faith and credit of the Township. Details of the Authority's debt holding and related long-term debt service requirements can be found in Note D to the financial statements.

**REPORTING**

East Goshen Municipal Authority was established in 1967 to finance the construction of the Township's sewage collection and treatment facilities. A five-member board, appointed by the Township's Board of Supervisors, governs the Authority. Although legally separate, the Authority is considered a component unit of the Township because the Township is financially accountable for it. The major function of the Authority is to provide financing for capital construction, expansion and upgrades to the Township's sewage collection and treatment facilities. The Authority owns one sewage treatment plant, four pumping stations and 86 miles of sewer lines. The Township has the responsibility for daily operations through a leaseback arrangement with the Authority. One sewage treatment plant, the Lockwood Plant, was taken off-line in 2012, and capital improvements largely completed by the end of 2013 resulted in the closure of two pump stations, with the flows diverted to the Township's remaining sewage treatment plant.

Currently, the Township sewer system services 6,495 residential units and 134 commercial units with 519 units utilizing on-lot systems. An average of 1.0 million gallons of waste water flows through the system each day. All of the business and commercial establishments in the Township are connected to either the public sewer system or to a community sewer system that serves Hershey's Mill Village. (Note: The Green Hill Sewer Association provides sewer service to the 1,720 dwelling units, Village Square Shopping Center and Wellington Hall life care facility, all of which are located within Hershey's Mill Village.)

The Authority funded the construction costs for improvements to serve the homes connected by the Authority through a combination of tapping fees paid by property owners at the time of connection, a federal grant and debt incurred by the Authority.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Authority is part of the Township's annual budget. Information regarding economic factors and next year's budget and rates for the Township are included in the Township's financial statements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the funds it receives and disburses. If you have questions about this report or need additional information, please contact the Director of Finance at East Goshen Township, 1580 Paoli Pike, West Chester, PA 19380.

**EAST GOSHEN MUNICIPAL AUTHORITY**

## STATEMENT OF NET POSITION

DECEMBER 31, 2022

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## ASSETS

## CURRENT ASSETS

|  |                |
|--|----------------|
| Cash and cash equivalents                  | \$ 5,172       |
| Grant receivable                           | 9,446          |
| Current portion of lease rental receivable | <u>542,000</u> |
| TOTAL CURRENT ASSETS                       | 556,618        |

## NONCURRENT ASSETS

|   |                  |
|---|------------------|
| Lease rental receivable, less current portion | <u>6,078,000</u> |
|---|------------------|

|              |                            |
|--------------|----------------------------|
| TOTAL ASSETS | <u><u>\$ 6,634,618</u></u> |
|--------------|----------------------------|

## LIABILITIES AND NET POSITION

## CURRENT LIABILITIES

|   |                |
|---|----------------|
| Accounts payable                            | \$ 68,624      |
| Accrued interest payable                    | 4,131          |
| Current portion of guaranteed notes payable | <u>542,000</u> |
| TOTAL CURRENT LIABILITIES                   | 614,755        |

|  |                  |
|--|------------------|
| GUARANTEED NOTES PAYABLE, less current portion | <u>6,078,000</u> |
|--|------------------|

|                   |           |
|-------------------|-----------|
| TOTAL LIABILITIES | 6,692,755 |
|-------------------|-----------|

## NET POSITION

|              |                 |
|--------------|-----------------|
| Unrestricted | <u>(58,137)</u> |
|--------------|-----------------|

|                                    |                            |
|------------------------------------|----------------------------|
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 6,634,618</u></u> |
|------------------------------------|----------------------------|

*See accompanying notes to the basic financial statements.*

**EAST GOSHEN MUNICIPAL AUTHORITY**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2022

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## OPERATING REVENUES

|                          |            |
|--------------------------|------------|
| Lease rental collections | \$ 780,571 |
|--------------------------|------------|

## OPERATING EXPENSES

|  |                |
|--|----------------|
| East Goshen Township administrative charge | 33,488         |
| Engineering fees                           | 76,478         |
| Legal and accounting fees                  | 16,350         |
| Other administrative expenses              | 1,665          |
| TOTAL OPERATING EXPENSES                   | <u>127,981</u> |

|                  |                |
|------------------|----------------|
| OPERATING INCOME | <u>652,590</u> |
|------------------|----------------|

## NONOPERATING REVENUES (EXPENSES)

|  |                  |
|--|------------------|
| Grant revenue                                | 9,446            |
| Investment income                            | 7                |
| Tapping fees                                 | 5,235            |
| Payments from East Goshen Township           | 377,636          |
| Payments to East Goshen Township             | (522,000)        |
| Capital contribution to East Goshen Township | <u>(561,695)</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES)       | <u>(691,371)</u> |

|                        |          |
|------------------------|----------|
| CHANGE IN NET POSITION | (38,781) |
|------------------------|----------|

|   |                 |
|---|-----------------|
| NET POSITION AT BEGINNING OF YEAR, RESTATED | <u>(19,356)</u> |
|---|-----------------|

|                             |                           |
|-----------------------------|---------------------------|
| NET POSITION AT END OF YEAR | <u><u>\$ (58,137)</u></u> |
|-----------------------------|---------------------------|

*See accompanying notes to the basic financial statements.*

# EAST GOSHEN MUNICIPAL AUTHORITY

## STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

### CASH FLOWS FROM OPERATING ACTIVITIES

|   |                |
|---|----------------|
| Lease rental payments                     | \$ 780,571     |
| Payments to suppliers                     | (85,875)       |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>694,696</u> |

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

|  |                  |
|--|------------------|
| Payments received for lease rental receivable    | 521,673          |
| Payments from East Goshen Township               | 377,636          |
| Payments to East Goshen Township                 | (522,000)        |
| Capital contribution to East Goshen Township     | (561,695)        |
| NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES | <u>(184,386)</u> |

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

|   |                  |
|---|------------------|
| Tapping fees received                                     | 5,235            |
| Principal payments on debt                                | (522,000)        |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(516,765)</u> |

### CASH FLOWS FROM INVESTING ACTIVITIES

|                   |          |
|-------------------|----------|
| Investment income | <u>7</u> |
|-------------------|----------|

NET DECREASE IN CASH AND CASH EQUIVALENTS (6,448)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 11,620

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 5,172

### RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

|  |               |
|--|---------------|
| Operating income   | \$ 652,590    |
| Adjustments to reconcile operating income to net cash provided by operating activities |               |
| Increase in accounts payable   | <u>42,106</u> |

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 694,696

*See accompanying notes to the basic financial statements.*

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

East Goshen Municipal Authority (the "Authority") is a body corporate and politic, incorporated under the Municipal Authorities Act of 1945, P. L. 382, as amended, pursuant to ordinances enacted by East Goshen Township (the "Township"). The Authority was established in 1967 to finance construction of the Township's sewage collection and treatment facilities. The major function of the Authority is to provide financing for capital construction, expansion and upgrades to the Township's sewer plants and other facilities. The Township has the responsibility for daily operations of the sewer system through a leaseback arrangement with the Authority which expires in 2033. The Authority's members are appointed by the Township.

In preparing its separate financial statements, the Authority applies the following significant accounting policies:

**Measurement Focus and Basis of Accounting**

The Authority is a blended component unit of the Township. The Authority's activities are financed and operated as an enterprise fund. The accompanying financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America applicable to governmental entities as prescribed by the Government Accounting Standards Board (GASB). Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Operating revenues and expenses generally result from providing services and leasing in connection with the Authority's ongoing operations. Operating expenses include engineering fees, legal and accounting fees, repairs and maintenance, and other administrative charges and expenses. All revenues and expenses not meeting this definition are recorded as nonoperating revenues or expenses. When an expense is incurred that can be paid using either restricted or unrestricted resources, it is the Authority's policy to first apply the expense towards restricted resources and then towards unrestricted resources.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less and no restrictions on withdraws to be cash equivalents.

**Lease Rental Collections**

The lease agreement requires that the Township pay rents to the Authority equal to the amount of the Authority's monthly debt service on long-term guaranteed notes payable to the Delaware Valley Regional Finance Authority.

**Use of Estimates**

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

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)**

**Change in Accounting Policy**

On January 1, 2022, the Authority implemented GASB Statement No. 87, Leases. The objective of GASB 87 is to better meet the needs of the financial statement user by improving accounting and financial reporting for leases by governments. The Statement requires recognition of lease assets and liabilities using the foundational principle that leases are financings of the right to use an underlying asset. There was no significant impact from the adoption of the new standard on the Authority's financial statements.

**NOTE B - DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority uses both insurance provided by the Federal Deposit Insurance Corporation and collateralization to guard against custodial credit risk. Under the Authority's current policy, in addition to the insurance provided by the Federal Deposit Insurance Corporation, deposits held by banking institutions are fully collateralized. The Authority requires all of its banking partners to pledge collateral held by an independent third-party institution, not in the Authority's name, in the amount of at least 102% of the deposit value. As of December 31, 2022, the Authority's bank balance was \$(3,200).

**Credit Risk**

Pennsylvania statutes authorize the Authority to invest in U.S. Treasury bills, short-term obligations of the U.S. Government, obligations of the U.S. Government or Commonwealth of Pennsylvania or political subdivisions of the Commonwealth that are backed by the full faith and credit of the issuing government and shares of authorized investment companies provided that all of the company investments are authorized investments for an authority.

In addition, the Authority may invest in bank deposits, savings accounts, or share accounts of institutions insured by the FDIC, FSLIC, or NCUSIF to the extent that such investments are insured and, where amounts exceed the insured maximums, that the depository pledge collateral as provided by Pennsylvania law.

**EAST GOSHEN MUNICIPAL AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE C - LEASE AGREEMENT**

The sewer system is maintained and operated by the Township under a long-term lease, which expires in 2033. The lease agreement requires that the Township pay rents to the Authority equal to the amount of the Authority's monthly debt service. Lease rental collections for 2022 are comprised of the following:

|  |                   |
|--|-------------------|
| Payment for Authority debt service principal | \$ 522,000        |
| Payment for Authority debt service interest  | <u>258,571</u>    |
|  | <u>\$ 780,571</u> |

The Authority's lease rental receivable is equal to the balances of the Guaranteed Notes, Series of 2008, and Series of 2013. Lease rental payments equal to the annual principal repayment of the notes are applied to reduce the receivable balance. The balance at December 31, 2022, was \$6,620,000. Future annual lease receipts of principal and interest will be equal to the annual debt service requirements for the Guaranteed Notes Payable as disclosed in Note D.

**NOTE D - GUARANTEED NOTES PAYABLE**

The following is a summary of changes in guaranteed notes payable for the year ended December 31, 2022:

|                | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|----------------|------------------------------|------------------|---------------------|---------------------------|--------------------------------|
| NOTES          |                              |                  |                     |                           |                                |
| Series of 2008 | \$ 5,458,000                 | \$ -             | \$ (405,000)        | \$ 5,053,000              | \$ 421,000                     |
| Series of 2013 | <u>1,684,000</u>             | <u>-</u>         | <u>(117,000)</u>    | <u>1,567,000</u>          | <u>121,000</u>                 |
|                | <u>\$ 7,142,000</u>          | <u>\$ -</u>      | <u>\$ (522,000)</u> | <u>\$ 6,620,000</u>       | <u>\$ 542,000</u>              |

Notes payable consisted of:

|  |                     |
|--|---------------------|
| Guaranteed Note, Series of 2008, to the DVRFA, interest, payable monthly, at a fixed rate of 3.96%, principal payable annually through 2032, subject to a swap agreement.  | \$ 5,053,000        |
| Guaranteed Note, Series of 2013, to the DVRFA, interest, payable monthly, at a fixed rate of 3.049%, principal payable annually through 2033, subject to a swap agreement. | <u>1,567,000</u>    |
|  | <u>\$ 6,620,000</u> |



**EAST GOSHEN MUNICIPAL AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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**NOTE D - GUARANTEED NOTES PAYABLE (Continued)**

Annual debt service requirements are as follows:

| <u>Year Ending<br/>December 31,</u> | <u>Principal<br/>Amount</u> | <u>Interest</u>     | <u>Totals</u>       |
|-------------------------------------|-----------------------------|---------------------|---------------------|
| 2023                                | \$ 542,000                  | \$ 247,877          | \$ 789,877          |
| 2024                                | 563,000                     | 227,516             | 790,516             |
| 2025                                | 584,000                     | 206,359             | 790,359             |
| 2026                                | 606,000                     | 184,408             | 790,408             |
| 2027                                | 629,000                     | 161,623             | 790,623             |
| 2028 to 2032                        | 3,530,000                   | 434,065             | 3,964,065           |
| 2033                                | 166,000                     | 5,061               | 171,061             |
|                                     | <u>\$ 6,620,000</u>         | <u>\$ 1,466,909</u> | <u>\$ 8,086,909</u> |

Funds to repay outstanding notes will be provided from the aforementioned lease agreement. Total interest paid during the year ended December 31, 2022, was \$258,244. None of the interest costs incurred were charged to expenditures for the year ended December 31, 2022. Total interest capitalized in 2022 was \$258,244.

**Swap Agreement**

The Authority financed the Series of 2008 and 2013 notes through the DVRFA. The DVRFA has, in turn, entered into interest rate swap agreements with various counterparties to provide fixed interest rates to borrowers. These agreements may be terminated under the following circumstances: (1) DVRFA and the counterparty mutually consent to termination, (2) the borrower defaults on its loan, or (3) DVRFA or the counterparty default or their financial conditions deteriorate to make a default imminent. Upon termination, DVRFA would receive or make a payment depending on the market value of the related interest rate swap. If DVRFA were obligated to make such a payment and sufficient funds were not available, DVRFA could assess each borrower its allocable share of the termination payment.

At December 31, 2022, the market value of the Authority's interest rate swap agreements for fixed rate loans was \$(68,881) and for DVRFA bonds was \$189,804. As of December 31, 2022, DVRFA would have received a payment of nearly \$132 million if all of the swap agreements were terminated. None of these amounts are reflected in the Authority's statement of net position or statement of revenues, expenses, and changes in net position at December 31, 2022.

**NOTE E - SUBSEQUENT EVENTS**

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the notes to the financial statements. All events and transactions have been evaluated through February 21, 2023, which is the date the financial statements were available to be issued.