

**COORDINATED PARKING FUND**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2006 AND 2005**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**

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**MAHER DUESSEL**  
CERTIFIED PUBLIC ACCOUNTANTS

# **COORDINATED PARKING FUND**

YEARS ENDED DECEMBER 31, 2006 AND 2005

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## Independent Auditor's Report

The Board of Directors  
Harrisburg Parking Authority

We have audited the accompanying balance sheet of the Coordinated Parking Fund (Fund), component unit of the City of Harrisburg, as of December 31, 2006, and the related statements of revenue, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Fund's financial statements as of and for the year ended December 31, 2005. The prior year's financial statements were audited by other auditors whose report, dated March 27, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coordinated Parking Fund as of December 31, 2006, and the changes in its financial position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. The Coordinated Parking Fund has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements.

*Maher Duessel*

Harrisburg, Pennsylvania  
April 19, 2007

# COORDINATED PARKING FUND

## BALANCE SHEETS

DECEMBER 31, 2006 AND 2005

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash and cash equivalents	\$ 1,500,000	\$ 190,189
Investments	335,384	-
Due from the City of Harrisburg	316,630	292,816
Due from Harrisburg Parking Authority	-	35,344
Interest receivable	-	4,863
<b>Total Assets</b>	<b><u>\$ 2,152,014</u></b>	<b><u>\$ 523,212</u></b>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payable	\$ 2,330	\$ 2,580
Due to Harrisburg Parking Authority	<u>1,568,797</u>	<u>-</u>
Total Current Liabilities	1,571,127	2,580
Net assets:		
Unrestricted net assets	<u>580,887</u>	<u>520,632</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,152,014</u></b>	<b><u>\$ 523,212</u></b>

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

**COORDINATED PARKING FUND**  
**STATEMENTS OF REVENUE, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006	2005
<b>Operating Revenue:</b>		
Contributions:		
Harrisburg Parking Authority	\$ 4,896,729	\$ 4,408,097
City of Harrisburg	1,312,160	1,207,006
Total operating revenue	6,208,889	5,615,103
<b>Operating Expenses:</b>		
Payments to the Harrisburg Parking Authority	2,620,777	2,362,694
Distribution to City of Harrisburg	3,524,893	3,900,000
Professional fees	3,268	2,951
Total operating expenses	6,148,938	6,265,645
<b>Operating Income (Loss)</b>	59,951	(650,542)
<b>Nonoperating Revenue:</b>		
Investment income	304	19,351
Change in Net Assets	60,255	(631,191)
<b>Net Assets:</b>		
Beginning of year	520,632	1,151,823
End of year	\$ 580,887	\$ 520,632

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

# COORDINATED PARKING FUND

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<b>Cash Flows From Operating Activities:</b>		
Received from user charges	\$ 7,789,216	\$ 5,335,342
Payments to suppliers for goods and services	<u>(6,149,188)</u>	<u>(6,269,845)</u>
Net cash provided by (used in) operating activities	<u>1,640,028</u>	<u>(934,503)</u>
<b>Cash Flows From Investing Activities:</b>		
Interest on investments	5,167	14,906
Net change in investments	<u>(335,384)</u>	<u>1,109,786</u>
Net cash provided by (used in) investing activities	<u>(330,217)</u>	<u>1,124,692</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,309,811	190,189
<b>Cash and Cash Equivalents:</b>		
Beginning	<u>190,189</u>	<u>-</u>
Ending	<u>\$ 1,500,000</u>	<u>\$ 190,189</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating income (loss)	\$ 59,951	\$ (650,542)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Due from City of Harrisburg	(23,814)	(743)
Accounts payable	(250)	(4,200)
Due to/from Harrisburg Parking Authority	<u>1,604,141</u>	<u>(279,018)</u>
Net cash provided by (used in) operating activities	<u>\$ 1,640,028</u>	<u>\$ (934,503)</u>

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

# COORDINATED PARKING FUND

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2006 AND 2005

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### 1. COOPERATION AGREEMENT

On June 27, 1984, the City of Harrisburg (City), the Harrisburg Redevelopment Authority (HRA), Harristown Development Corporation (HDC), Harrisburg Parking Authority (HPA), the Mayor of Harrisburg, and Harrisburg City Council entered into the Cooperation Agreement for a Downtown Coordinated Parking System (Cooperation Agreement). The Cooperation Agreement established a coordinated parking system which is managed and operated by HPA. The components of the coordinated parking system include seven parking garages owned by HPA (HPA Garages), two of the City's surface lots (City Lots), and the City's parking meters (Parking Meters).

In accordance with the Cooperation Agreement, HPA established the Coordinated Parking Fund (Fund), and HPA is required to deposit therein the net operating revenues, as defined, from the components of the coordinated parking system. HPA is also required to deposit into the Fund all parking tax revenues collected by the City upon receipt from the City and all of HPA's unreserved retained earnings.

The Fund is pledged as security for the debt service payments of the HPA Series N Bonds and is currently used to make HPA's debt service payments for such bonds. These bonds were issued to advance refund HPA's Series F Bonds which were issued to advance refund HPA's Series B Bonds that financed the construction of the Market Square Garage, which is owned and operated by HPA.

The Fund may also be used to reimburse certain of the HPA Garages for below market rentals to certain lessors, and, if any excess is available, to distribute such amount to the City. The amount available for distribution to the City is based on the cash actually received by the Fund in such year or period. Distributions to the City are permitted only when the balance in the Fund, together with amounts expected to be deposited therein from the components of the coordinated parking system in the period preceding the next debt service payment on the HPA Series F Bonds, are equal to 130% of such next debt service payment. Distributions paid to the City during the years ended December 31, 2006 and 2005, totaled \$3,524,893 and \$3,900,000.

Under an agreement executed between the City and HPA in 2002, the City has agreed to make the excess funds in the Coordinated Parking Fund available to HPA for the purpose of funding the River Street Replacement Reserve Fund for payment of the debt service on HPA Series J Bonds and HPA Series K Bonds. During the years ended December 31, 2006 and 2005, a total of \$1,428,827 and \$1,435,095 was transferred to HPA from the Fund for payment of Series J Debt Service. During the years ended December 31, 2006 and 2005, a total of \$424,850 and \$315,099 was transferred to HPA from the Fund for payment of Series K Debt Service.

The amounts that are transferred to HPA for debt service and parking projects represent excess funds that would be available for distribution to the City.

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# COORDINATED PARKING FUND

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2006 AND 2005

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Presentation*

The operations and activities of the Fund are accounted for as an enterprise fund, a proprietary fund type. An enterprise fund is used to account for operations where the costs of providing services to the general public on a continuing basis are financed or recovered primarily through user charges.

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. The principal operating revenues of the Fund are excess parking facility revenues charged to HPA. Operating expenses include administrative expenses, payments to HPA to fund debt service and replacement reserves and distributions to the City of Harrisburg. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### *Basis of Accounting*

The accrual basis of accounting is utilized by the fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

As a proprietary fund type, the Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet.

#### *Cash Equivalents*

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

#### *Accounting Standards*

Under the guidelines of GASB Statement No. 20, "*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*," the Fund has elected not to apply any Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, relative to the accounting and financial reporting of the Fund's operations and activities.



# COORDINATED PARKING FUND

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2006 AND 2005

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### *Use of Estimates in the Preparation of Financial Statements*

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 the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *Investments*

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

### **3. DEPOSITS AND INVESTMENTS**

HPA maintains a separate operating account for each component of the coordinated parking system and for the Coordinated Parking Fund. Amounts deposited into these accounts are combined into one account for investment by HPA. Interest earned from the investment account is allocated to the operating accounts, including the Coordinated Parking Fund's operating account, based on the monthly investment balance.

The Parking Authority Law limits HPA to the types of deposits it may make. Allowable deposits include deposits with banks or savings associations that, to the extent not insured, are secured by a pledge of direct obligations of the U.S. Government, Commonwealth of Pennsylvania, or the City having an aggregate market value at least equal to the balance of such deposits. HPA has elected to apply this law to the Fund's deposits.

Allowable investments as outlined in the Cooperation Agreement include certificates of deposit or repurchase agreements with financial institutions having assets in excess of \$500,000,000 or direct obligations of the U.S. Government.

#### 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. As of December 31, 2006, the Fund's bank deposits consist of \$1,500,000 in certificates of deposit. The entire \$1,500,000 was covered by federal depository insurance.

# COORDINATED PARKING FUND

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2006 AND 2005

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### Investments

The Fund's investments at December 31, 2006 consist of \$335,384 in money market funds.

*Concentration of Credit Risk.* The Fund places no limit on the amounts invested in any one issuer. At December 31, 2006, 100 percent of the Fund's investments was held with Commerce Capital Markets, Inc.

*Interest Rate Risk.* The Fund does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates. At December 31 2006, the money market funds were rated AAA by Standard and Poor Rating Agency and had a weighted average maturity of 13 days.

Investments held during the year ended December 31, 2006, were consistent with those on hand at each year end.

#### 4. COMMITMENTS

The Series N Bonds were used to advance refund the Series F Bonds during the year ended December 31, 2003 and are secured primarily with a pledge by HPA of all its rights, title, and interest in and to the Fund.

Debt service requirements, including interest, on Series N Bonds outstanding at December 31, 2006, are as follows:

	<u>Amount</u>
2007	\$ 789,970
2008	781,220
2009	789,570
2010	784,995
2011	786,195
2012-2016	<u>3,908,920</u>
	7,840,870
Less interest	<u>(1,470,470)</u>
	<u>\$ 6,370,400</u>

During the years ended December 31, 2006 and 2005, a total of \$759,000 and \$612,500 was transferred to HPA from the Fund for payment of Series N Debt Service.

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