

## **Coordinated Parking Fund**

### Financial Statements

Years Ended December 31, 2009 and 2008 with  
Independent Auditor's Report

**COORDINATED PARKING FUND**  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
TABLE OF CONTENTS

**Independent Auditor's Report**

**Financial Statements:**

Balance Sheets	1
Statements of Revenues, Expenses, and Changes in Net Assets	2
Statements of Cash Flows	3
Notes to Financial Statements	4

## Independent Auditor's Report

Board of Directors  
Harrisburg Parking Authority

We have audited the accompanying balance sheets of the Coordinated Parking Fund (Fund), a component unit of the City of Harrisburg, as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of December 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The 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 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  
May 6, 2010

# COORDINATED PARKING FUND

## BALANCE SHEETS

DECEMBER 31, 2009 AND 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 3,831,767	\$ 1,598,494
Due from the City of Harrisburg	347,712	335,208
<b>Total Assets</b>	<b>\$ 4,179,479</b>	<b>\$ 1,933,702</b>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 2,955	\$ 2,330
Due to Harrisburg Parking Authority	3,737,474	1,149,755
Total Current Liabilities	3,740,429	1,152,085
Net assets:		
Unrestricted net assets	439,050	781,617
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,179,479</b>	<b>\$ 1,933,702</b>

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

**COORDINATED PARKING FUND**  
**STATEMENTS OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
<b>Operating Revenues:</b>		
Contributions:		
Harrisburg Parking Authority	\$ 5,521,855	\$ 6,833,196
City of Harrisburg	1,475,848	1,396,036
Total operating revenues	6,997,703	8,229,232
<b>Operating Expenses:</b>		
Payments to the Harrisburg Parking Authority	3,294,258	3,056,602
Distribution to City of Harrisburg	4,050,000	4,750,000
Professional fees	3,200	3,200
Total operating expenses	7,347,458	7,809,802
<b>Operating Income (Loss)</b>	(349,755)	419,430
<b>Nonoperating Revenue:</b>		
Investment income	7,188	30,237
<b>Change in Net Assets</b>	(342,567)	449,667
<b>Net Assets:</b>		
Beginning of year	781,617	331,950
End of year	\$ 439,050	\$ 781,617

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

# COORDINATED PARKING FUND

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Cash Flows From Operating Activities:</b>		
Received from user charges	\$ 9,572,918	\$ 7,854,144
Payments to suppliers for goods and services	<u>(7,346,833)</u>	<u>(7,809,802)</u>
Net cash provided by operating activities	<u>2,226,085</u>	<u>44,342</u>
<b>Cash Flows From Investing Activities:</b>		
Interest on investments	<u>7,188</u>	<u>30,237</u>
Net cash provided by investing activities	<u>7,188</u>	<u>30,237</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u>2,233,273</u>	<u>74,579</u>
<b>Cash and Cash Equivalents:</b>		
Beginning	<u>1,598,494</u>	<u>1,523,915</u>
Ending	<u>\$ 3,831,767</u>	<u>\$ 1,598,494</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating income (loss)	\$ (349,755)	\$ 419,430
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Due from City of Harrisburg	(12,504)	(9,708)
Accounts payable	625	-
Due to/from Harrisburg Parking Authority	<u>2,587,719</u>	<u>(365,380)</u>
Net cash provided by operating activities	<u>\$ 2,226,085</u>	<u>\$ 44,342</u>

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

# COORDINATED PARKING FUND

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

---

### 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 that is managed and operated by HPA. The components of the coordinated parking system include ten 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 two-thirds of the parking tax revenues collected by the City upon receipt from the City and all of HPA's unreserved net assets.

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 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 N Bonds, are equal to 130% of such next debt service payment. Distributions paid to the City during the years ended December 31, 2009 and 2008 totaled \$4,050,000 and \$4,750,000.

Under an agreement executed between the City and HPA in 2002, the City has agreed to make the excess funds in the 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, 2009 and 2008, a total of \$1,526,743 and \$1,423,676, respectively, was transferred to HPA from the Fund for payment of Series J debt service. During the years ended December 31, 2009 and 2008, a total of \$147,690 and \$225,333, respectively, was transferred to HPA from the Fund for payment of Series K debt service.

# COORDINATED PARKING FUND

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

---

Under a separate agreement executed between the City and HPA, the City has agreed to make the excess funds in the Fund available to HPA for reimbursement of debt service and related expenses incurred by HPA in connection with making payment on Series P Bonds. During the years ended December 31, 2009 and 2008, a total of \$862,844 and \$776,700, respectively, was transferred to HPA from the Fund for payment of Series P 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.

## 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 by HPA. Operating expenses include administrative expenses, payments to HPA to fund debt service, and replacement reserves and distributions to the City. 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 sheets.

### *Cash Equivalents*

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



# COORDINATED PARKING FUND

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

---

### *Accounting Standards*

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.

### *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.

### **3. DEPOSITS**

HPA maintains a separate operating account for each component of the coordinated parking system and for the 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 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

HPA pools certain of its deposits with the Fund. At December 31, 2009 and 2008, the pooled account had a book and bank balance of \$1,841,969 and \$3,115,943, respectively. Of this balance, \$1,016,227 and \$2,671,244 was held in certificates of deposit purchased through a third party, all of which were covered by federal depository insurance, held in the name of HPA at December 31, 2009 and 2008, respectively. The remaining balance of \$825,742 and \$444,699 was invested in a money market fund that carried a AAA rating, and had an average weighted maturity of less than one year at December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, HPA's

# COORDINATED PARKING FUND

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

---

position in the pool was (\$1,989,798) and \$1,517,449, respectively, and the Fund's position in the pool was \$3,831,767 and \$1,598,494, respectively.

### 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, 2009 are as follows:

	<u>Amount</u>
2010	\$ 784,995
2011	786,195
2012	786,395
2013	790,595
2014	789,270
2015-2016	<u>1,542,660</u>
	5,480,110
Less interest	<u>(795,110)</u>
	<u>\$ 4,685,000</u>

During the years ended December 31, 2009 and 2008, a total of \$756,981 and \$630,893, respectively, was transferred to HPA from the Fund for payment of Series N Debt Service.