

ALLENTOWN PARKING AUTHORITY

FINANCIAL REPORT

December 31, 2008

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Certified Public Accountants | Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Allentown Parking Authority
Allentown, Pennsylvania

We have audited the accompanying financial statements of the Allentown Parking Authority (a component unit of the City of Allentown) as of December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority'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 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 the 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 financial position of the Allentown Parking Authority as of December 31, 2008 and 2007, and the changes in its net assets and 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 and pension and other postemployment benefit data on pages 2 through 10 and page 36 and 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Buckno Lisicky + Company".

Allentown, Pennsylvania
May 28, 2009

**ALLENTOWN PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Year Ended December 31, 2008

Introduction

This section of the Allentown Parking Authority's audit presents Management's Discussion and Analysis of the Authority's financial performance during the fiscal year ended December 31, 2008. Readers are encouraged to consider information presented here in conjunction with the following audited financial statements and notes.

Financial Highlights

- Total operating revenue increased \$601,525 or 10.9% compared to 2007.
- Total operating expense increased \$42,690 or 1.5% compared to 2007.
- Depreciation and amortization expenses increased \$524,963 or 50% compared to 2007.
- Net operating income increased \$33,872 or 2.1% compared to 2007.
- Interest income from Authority investments decreased \$539,865 or 86.3% from 2007.
- Rental income from realty increase \$80,243 or 240.4% from 2007.
- Interest expense on the Authority's debt increased \$420,728 or 77.9% from 2007.
- Net capital assets of the Authority decreased \$1,077,145 or 2.3% compared to 2007.
- Total assets of the Authority decreased \$1,808,576 or 3.6% compared to 2007.
- Total outstanding liabilities of the Authority decreased \$2,722,646 or 7.6% compared to 2007.
- The fund balance (difference between assets and liabilities) of the Authority increased \$914,070 or 6.2% compared to 2007.

Overview of the Financial Statements

The Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the audited financial statements, notes to the financial statements and supplementary information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance.

Required Financial Statements

The financial statements of the Authority report information about the use of full accrual accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The financial statements include a balance sheet; a statement of revenues; expenses and changes in net assets; a statement of cash flows; notes to the financial statements; and both required and other supplementary information.

**ALLENTOWN PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Year Ended December 31, 2008

The balance sheet includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Authority's creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure and assessing the liquidity and financial flexibility of the Authority.

While the balance sheet provides financial information regarding the nature and amount of resources and obligations at year-end, the statement of revenues, expenses and changes in net assets presents the results of the business activities over the course of the past year and can be used to determine whether the Authority has successfully recovered its costs through parking fines and parking fees.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, non-financing, financing and investing activities. In simpler terms, the primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the fiscal year.

Finally, the notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the financial statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information comparing budget to actual revenue and expenses is provided.

Summary of Organization and Business

The Authority began operating as a Municipal Parking Authority on January 1, 1985 for the benefit of the City of Allentown. The Authority manages, supervises and administers both on-street and off-street operations within the confines of the City.

The on-street operation of the Authority includes the enforcement of both City and State parking regulations by the issuance and processing of parking tickets and by the towing, booting and impounding of vehicles. In addition to the enforcement activities, the Authority administers a residential permit program, which allows residents to park in their respective neighborhood without having to "feed" a meter or move their vehicle due to time parking restrictions. The final composition of the on-street operation includes the maintenance and regulation, as well as the collection of monies, from approximately 1,575 parking meters located on the City streets.

The ownership and operation of five parking garages in downtown Allentown comprises the majority of the off-street department. These five garages total approximately 2,700 parking spaces. In addition, the Authority owns and operates 31 surface parking lots and one parking ramp, which total another 1,512 parking spaces.

The Authority receives no financial support from the City and has no taxing power. All revenues are derived from the collections of parking fines, meter revenue and user fees from the parking garages and lots. The Authority, since its inception, has been self-supporting and has never requested any outside operating financial funding. The Authority has actually returned monies back to the City in the form of collected police and fire tickets and in other in-kind or cash contributions. To date, these monies total over \$1.7 million.

**ALLENTOWN PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Year Ended December 31, 2008

Financial Analysis

The following comparative financial statements and other selected information serve as the key financial data and indicators for management, monitoring and planning. The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Authority's fiscal year activities, which can then be used to determine whether the Authority is better or worse off as a result of these activities.

Net Assets

**Condensed Statements of Net Assets
(Balance Sheet)**

	2008	2007	\$ Change	% Change
Current and other assets	\$ 3,576,096	\$ 4,211,149	\$ (635,053)	-15.1%
Restricted assets	149	96,527	(96,378)	-99.8%
Capital assets	44,967,301	46,044,446	(1,077,145)	-2.3%
Total assets	48,543,546	50,352,122	(1,808,576)	3.6%
Current liabilities	2,633,066	4,211,576	(1,578,510)	-37.5%
Long-term debt	19,522,219	20,806,236	(1,284,017)	-6.2%
Deferred revenue	10,754,884	10,615,003	139,881	1.3%
Total liabilities	32,910,169	35,632,815	(2,722,646)	-7.6%
Invested in capital assets, net of related debt	23,762,953	21,903,413	1,859,540	8.5%
Unrestricted	(8,129,576)	(7,184,106)	(945,470)	-13.2%
Total net assets	\$15,633,377	\$ 14,719,307	\$ 914,070	6.2%

The analysis of the above table concerning assets of the Authority indicates that current assets have decreased \$635,053 from 2007 to 2008, which is as a result of less cash and investments in 2008. Although the completion and operation of both the Allentown Transportation Center (ATC) and Allentown Government Area Parking (AGAPS) Garages occurred in 2007, both additional and accrued expenses related to construction were paid in 2008 using operating cash. Capital assets decreased by \$1,077,145 as a result of annual depreciation charged to the new garages.

Conversely, current liabilities decreased due to the payment of the construction bills linked to the ATC and AGAPS. Long-term debt decreased as a result of principal reduction payments for the Authority's outstanding debt. The receipt of an additional \$500,000 grant toward the cost of the ATC and the recognition of annual revenue provided a net increase in deferred revenue.

Overall, the Authority increased total net assets (assets available to finance both capital and day-to-day operations) for the year by \$914,070.

**ALLENTOWN PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Year Ended December 31, 2008

**Condensed Statements of Revenues, Expenses
And Changes in Net Assets**

	2008	2007	\$ Change	% Change
Revenues:				
Operating revenues	\$ 6,123,520	\$ 5,521,995	\$ 601,525	10.8%
Non-operating revenues	199,408	659,030	(459,622)	-69.7%
Gain on disposal of asset	7,112	-	7,112	N/A
Capital grant revenues	250,000	876,000	(626,000)	-71.5%
Total revenues	6,580,040	7,057,025	(476,985)	-6.8%
Expenses:				
Depreciation expense	1,575,842	1,050,879	524,963	50.0%
Other operating expense	2,892,617	2,849,927	42,690	1.5%
Non-operating expense	967,398	549,321	418,077	76.1%
Loss on disposal of asset	-	66,205	(66,205)	100.0%
Contributions to City	230,113	96,669	133,444	138.0%
Total expenses	5,665,970	4,613,001	1,052,969	22.8%
Change in net assets	914,070	2,444,024	(1,529,954)	-62.6%
Beginning net assets	14,719,307	12,275,283	2,444,024	19.9%
Ending net assets	\$ 15,633,377	\$ 14,719,307	\$ 914,070	6.2%

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets provide answers as to the nature and source of the changes in the Balance Sheet. The above table reconciles total revenue of \$6,580,040 less total expenses of \$5,665,970 as the difference or positive change of \$914,070 in net assets for the year. The following narrative will explain the individual accounts that affect these changes.

Revenues:

For 2008, total revenues decreased by \$476,985 to \$6,580,040 as compared to \$7,057,025 in 2007. On a summary basis operating and non-operating revenue performed as follows: On-street decreased - \$54,390 (-1.4%); Off-street increased - \$655,915 (40.6%); and interest income, rentals, grants and gains on assets decreased - \$1,078,510 (-70.3%).

On-street revenue includes the revenue collected from parking meters, payments for parking tickets and parking permits. Parking meter revenue collected from approximately 1,575 meters in 2008 totaled \$812,416, which was \$7,336 less than that collected in 2007. Parking fine revenue is comprised of ticket fines and penalties, tickets paid at the magistrate (scofflaw), tickets paid after receiving notification from APA (notices), booting and release fees. Revenue from these sources totaled \$3,004,025, which was

**ALLENTOWN PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Year Ended December 31, 2008

\$45,340 less. The actual number of tickets issued and the corresponding number of tickets paid were less in 2008 vs. 2007. In 2008, the number of tickets decreased by 11,823 tickets or 10.6%. Permit parking permits remained fairly steady but still reflected a reduction of \$1,714 or 4.4%.

Off-street revenue is basically comprised of three categories. Transient revenue, which is generated from customers that pay a daily rate to park; contract revenue from customers that pay a monthly fee to park (usually employees of downtown businesses); and Holiday Inn Hotel parking, which includes parking paid by hotel guests or by the hotel directly at our Walnut at Ninth Parking Garage. Contract revenue from our parking garages and lots increased \$610,353 from 2007. The operation of both the Allentown Transportation Center and the Allentown Government Area Parking Garage for twelve months contributed \$366,145 of this increase. Also, contract parking increased by \$164,621 at our Spiral Garage as a result of increased demand. Transient revenue at all of the Authority's lots and facilities increased by \$31,348 as a result twelve month usage at both the ATC and AGAPS. Hotel parking revenue at our Walnut at 9th Garage increased by \$8,651.

Non-operating revenue is comprised of interest earnings, investment earnings on operating cash, bond proceeds and grants, and realty rental income. Total non-operating revenue totaled \$199,408 for the year or \$459,622 less than 2007. The Authority's overall investment returns were affected by the reduction of investment rates to historic lows imposed by the Federal Reserve during 2008. Contributing to the low rates, actual dollars available for investment were reduced as both bond proceeds and grant monies were exhausted as the final costs of both garages were submitted and paid. Earnings on bond proceeds and grant money in 2008 totaled \$6,591, which was \$463,700 less than 2007. Interest earnings on both bank accounts and investments dropped by \$76,165 as compared to 2007. However, realty rental income increased \$80,243 or 240.4% as a result of twelve months annual rental from LANTA being recognized for the use of the ATC.

Expenses:

Total expenses increased to \$5,665,970 in 2008, which is a \$1,052,969 increase from 2007. The following narrative explains the effect that the various expenses had on the operation of the Authority in 2008.

Operating Expenses

The direct costs associated with the overall administration and operation of the Authority is included in "operating expenses." Three expense categories that comprise operating expenses are personnel wages and benefits, services and charges and materials and supplies. These expenses totaled \$2,892,617 or \$42,690 (1.5%) more than 2007.

Personnel costs make up 71.5% of the direct costs associated with operating expenses. These costs were contained in 2008 and basically remained constant with 2007, increasing by only \$265. Salaries and wages increased \$29,026 or 2.1% for the year. Retirement plan expenses for all eligible full time employees decreased by \$21,596 as employee demographics changed. Health care costs remained reasonable for the Authority as costs decreased \$8,535 from 2007. The initial recognition of post retirement health care costs has been included in APA's annual health care expenses costing \$25,097 in 2008. The number of full and part time employees for 2008 remained consistent with 2007, totaling forty-one and eight respectively.

**ALLENTOWN PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Year Ended December 31, 2008

Services and charges, the second largest component of operating expenses, increased \$47,133 (6.6%) to \$761,489. The annualized costs for the operations of both the ATC and AGAPS account for \$32,150 or 68.2% of this increase. These costs include \$44,570 more for utilities; \$13,446 more for insurance premiums but reductions in start up costs of \$17,080 concerning parking displacement for AGAPS. Professional fees increased by \$9,753 due to the cost of a security audit that was done for our off-street department in 2008. Snow removal expenses decreased by \$8,134 as a result of less plowing and snow removal than 2007. Real estate taxes, which the Authority is required to pay on non-parking related property decreased \$5,560 as a result of the donation of the Sovereign Plaza.

Materials and supplies, the third and smallest component of operating expenses decreased \$4,708 (-7.0%) to \$63,000 for 2008. These costs include increases in gasoline and uniforms of \$6,532 and \$2,366 respectively. Office and operating supplies expense decreased \$13,606.

Depreciation Expense

Depreciation expense reflects the annual costs associated with an assets reduction (wear and tear) in value. Expenses associated with depreciation increased \$524,858 (45.3%) to \$1,551,648 for 2008. The annual depreciation associated with both the ATC and AGAPS totaled \$822,011 or \$523,569 more than 2007.

Non-operating Expense

This expense is comprised of interest expense and trustee fees on the APA's bond issues and loans. For 2008, non-operating expenses increased \$418,077 to \$967,398. This large increase is due to interest paid on both the Series of 2005 and Series B of 2007 bond issues. Interest incurred in 2007 on these issues was capitalized, complying with accounting practices, during the construction period of the ATC and AGAPS. In 2008, this interest could no longer be capitalized and was expensed.

Contribution Expense

In 2008, the APA contributed \$230,113 to the City of Allentown, which represents an increase of \$133,444 over 2007. A breakdown of the contribution total is as follows:

- \$10,377 for police issued double parking tickets paid to the Authority in 2008.
- \$49,545 for police issued parking tickets paid to the Authority in 2008.
- \$46,076 for paid street cleaning tickets issued in January, February and December 2008.
- \$124,115 value of the Sovereign Plaza donated to the City in 2008.

**ALLENTOWN PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Year Ended December 31, 2008

Capital Assets

The operation of the Authority requires various capital assets to run both efficiently and effectively. The following table depicts the various asset classes that the Authority owns and utilizes.

	2008	2007	\$ Change	% Change
Land	\$ 8,672,942	\$ 8,672,942	\$ -	0.0%
Lot Improvements	2,004,893	2,274,546	(269,653)	-11.9%
Buildings and improvements	790,889	790,889	-	0.0%
Leasehold Improvements	1,533,947	1,533,947	-	0.0%
Parking garages and lots	39,126,066	38,714,761	411,305	1.1%
Vehicles and equipment	1,395,049	1,283,489	111,560	8.7%
Construction in progress	22,500	18,471	4,029	21.8%
Subtotal	53,546,286	53,289,045	257,241	0.5%
Less accumulated depreciation	8,578,985	7,244,599	1,334,386	18.4%
Net capital assets	<u>\$ 44,967,301</u>	<u>\$ 46,044,446</u>	<u>\$ (1,077,145)</u>	<u>-2.3%</u>

As of December 31, 2008, the Authority had invested \$44,967,301 in capital assets net of accumulated depreciation. This amount decreased from 2007 by \$1,077,145 as a combined result of the following transactions during the year.

- Donation of Sovereign Plaza to City of Allentown (\$269,653).
- Final closeout regarding the construction costs (\$397,239) associated with both the ATC and AGAPS.
- Paving of additional property acquired for Alliance Hall Lot (\$14,066).
- Write-off of obsolete equipment and equipment disposal (\$71,704).
- Acquisition of two enforcement vehicles - \$35,277.
- Acquisition of billing system software, website design for on-line payments and parking ticket management software upgrades respectively, \$22,341, \$18,863 and \$12,500.
- Acquisition of Citrix system (\$11,302) and server rack system (\$7,983).
- Acquisition of an E-copy scan system with server (\$18,899).
- Acquisition of Auto VU Chalk system (\$52,020).
- Recognition of depreciation expenses of \$1,551,648.

Debt Administration

Total outstanding debt of the Authority as of December 31, 2008, totaled \$21,147,089, which is \$1,269,114 less than 2007. No additional debt was issued by the Authority in 2008 so the reduction is as a result of the scheduled principal repayments of \$1,269,114 during the year on APA's existing debt.

**ALLENTOWN PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Year Ended December 31, 2008

All bond issues of the Authority are secured by a pledge on the Authority's gross revenues. Additionally, each issue is secured by a City of Allentown guarantee with a further commitment of bond insurance through Ambac Assurance Corporation or Financial Security Assurance, Inc. All issues carry an Aaa and AAA rating from Moody's and Standard & Poor's respectively based upon their municipal bond insurance policy. The \$3.5 million dollar debt is secured by a pledge on the Authority's gross revenues. This debt does not carry the City of Allentown guarantee nor does it have the further commitment of bond insurance.

In addition to restrictions placed on additional debt issuance by bond covenants, the Authority has instituted a financial policy that provides minimum net earnings ratio coverage. This policy, on an annual basis, requires that all pledged revenue from the Authority less operating expenses exceeds debt service by at least 20.0%. The following chart depicts the compliance of the Authority to this policy over the past two years.

Debt Coverage Ratio

	2008	2007	\$ Change	% Change
Gross revenue	\$ 6,330,040	\$ 6,181,025	\$ 149,015	2.4%
Total operating expenses (less depreciation)	2,892,617	2,849,927	42,690	1.5%
Net revenue	3,437,423	3,331,098	106,325	3.2%
Annual debt service	2,227,198	2,118,997	108,201	5.1%
Debt service coverage	1.54%	1.57%	\$ (1,876)	(1.9%)

Currently Known Facts, Decisions or Conditions

The properties known as our North and CATA Lots in the 100 block N. 7th Street and 700 block W. Turner Street have been awarded to a developer that intends to build mixed use retail and residential on these properties. The developer has committed to a payment to the APA of \$490,000, the market value, for these properties. These properties are currently under an agreement of sale, which would reduce parking inventory in the area by 160 spaces.

The Authority has awarded professional services to both a Project Manager and an Architect for the purposes of designing and building new office space for the Authority in the vacant retail section of the Allentown Transportation Center. It is anticipated that this new office space of approximately 7,500 square feet will be completed and ready for occupation by year end 2009.

In conjunction with construction of the new office space, the Authority is requesting purchase offers on its current office site at 1005 Hamilton Street. This property has been appraised at \$950,000. At this time, no offers have been accepted by the Authority.

**ALLENTOWN PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

Year Ended December 31, 2008

Contacting the Authority's Financial Management

This financial report is designed to provide our bondholders, patrons, creditors and other interested parties with a general overview of the Authority's finances and demonstrates the Authority's accountability for the funds it receives. If you have any questions about this report or require additional information, contact the Allentown Parking Authority's Executive Director or Deputy Director, 1005 W. Hamilton Street, Allentown, PA 18101.

ALLENTOWN PARKING AUTHORITY

BALANCE SHEETS
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,405,867	\$ 2,763,185
Certificates of deposit	1,257,313	577,387
Accounts receivable	245,984	219,749
Accrued interest receivable	13,520	4,542
Inventory	31,437	11,786
Prepaid expenses	<u>296,785</u>	<u>284,135</u>
Total current assets	<u>3,250,906</u>	<u>3,860,784</u>
RESTRICTED ASSETS	<u>149</u>	<u>96,527</u>
CAPITAL ASSETS, net of accumulated depreciation	<u>44,967,301</u>	<u>46,044,446</u>
DEFERRED CHARGES, net of accumulated amortization	<u>325,190</u>	<u>349,384</u>
OTHER ASSETS	<u>-</u>	<u>981</u>
Total assets	<u>\$ 48,543,546</u>	<u>\$ 50,352,122</u>

See Notes to Financial Statements.

	<u>2008</u>	<u>2007</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Note payable, bank	\$ 340,853	\$ 340,853
Accounts payable	265,134	1,908,295
Accrued expenses	265,293	250,904
Bonds payable	1,309,114	1,269,114
Deferred revenue	358,238	362,494
Other current liabilities	<u>94,434</u>	<u>79,916</u>
Total current liabilities	<u>2,633,066</u>	<u>4,211,576</u>
NONCURRENT LIABILITIES		
Bonds payable	19,497,122	20,806,236
Deferred revenue	10,754,884	10,615,003
Other postemployment benefit liability	<u>25,097</u>	<u>-</u>
Total noncurrent liabilities	<u>30,277,103</u>	<u>31,421,239</u>
Total liabilities	<u>32,910,169</u>	<u>35,632,815</u>
NET ASSETS		
Invested in capital assets, net of related debt	23,762,953	21,903,413
Unrestricted	<u>(8,129,576)</u>	<u>(7,184,106)</u>
Total net assets	<u>15,633,377</u>	<u>14,719,307</u>
Total liabilities and net assets	<u>\$ 48,543,546</u>	<u>\$ 50,352,122</u>

ALLENTOWN PARKING AUTHORITY

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS**

Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUE		
On-street parking	\$ 3,853,333	\$ 3,907,723
Garages and lots	<u>2,270,187</u>	<u>1,614,272</u>
 Total operating revenue	 <u>6,123,520</u>	 <u>5,521,995</u>
 OPERATING EXPENSES		
Wages and benefits	2,068,128	2,067,863
Services and charges	761,489	714,356
Materials and supplies	63,000	67,708
Depreciation and amortization	<u>1,575,842</u>	<u>1,050,879</u>
 Total operating expenses	 <u>4,468,459</u>	 <u>3,900,806</u>
 Operating income	 <u>1,655,061</u>	 <u>1,621,189</u>
 NONOPERATING REVENUE (EXPENSES)		
Interest income	85,788	625,653
Interest expense	(960,529)	(539,801)
Trustee fees	(6,869)	(9,520)
Realty income	113,620	33,377
Gain (loss) on disposal of assets	<u>7,112</u>	<u>(66,205)</u>
 Total nonoperating revenue (expenses)	 <u>(760,878)</u>	 <u>43,504</u>
 Income before contributions	 894,183	 1,664,693
 CAPITAL CONTRIBUTIONS		
Capital contributions	250,000	876,000
Contributions to City of Allentown	<u>(230,113)</u>	<u>(96,669)</u>
 Change in net assets	 914,070	 2,444,024
 NET ASSETS, beginning of year	 <u>14,719,307</u>	 <u>12,275,283</u>
 NET ASSETS, end of year	 <u>\$ 15,633,377</u>	 <u>\$ 14,719,307</u>

See Notes to Financial Statements.

ALLENTOWN PARKING AUTHORITY

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,267,562	\$ 14,899,107
Payments to employees	(2,032,737)	(2,134,468)
Payments to suppliers	<u>(746,411)</u>	<u>(762,869)</u>
 Net cash provided by operating activities	 <u>3,488,414</u>	 <u>12,001,770</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions to City of Allentown	<u>(230,113)</u>	<u>(96,669)</u>
 Net cash used in noncapital financing activities	 <u>(230,113)</u>	 <u>(96,669)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(2,362,713)	(23,031,842)
Proceeds from sale of capital assets	131,227	238,888
Capital contributions	250,000	876,000
Principal payments on bonds payable	(1,310,000)	(7,270,000)
Proceeds from bonds payable	-	9,500,000
Financing costs	-	(10,976)
Interest paid	(926,975)	(499,793)
Trustee fees	<u>(4,040)</u>	<u>(7,273)</u>
 Net cash used in capital and related financing activities	 <u>(4,222,501)</u>	 <u>(20,204,996)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of certificates of deposit	577,387	28,824,000
Purchase of certificates of deposit	(1,257,313)	(23,895,387)
Investment income	76,810	640,569
Realty income	<u>113,620</u>	<u>33,377</u>
 Net cash provided by (used in) investing activities	 <u>(489,496)</u>	 <u>5,602,559</u>

See Notes to Financial Statements.

ALLENTOWN PARKING AUTHORITY

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Net decrease in cash and cash equivalents	(1,453,696)	(2,697,336)
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,859,712</u>	<u>5,557,048</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,406,016</u>	<u>\$ 2,859,712</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,655,061	\$ 1,621,189
Adjustments to reconcile operating income to net cash provided by operating activities		
Amortization	24,194	24,089
Depreciation	1,551,648	1,026,790
Change in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(26,235)	(80,628)
Inventory	(19,651)	4,215
Prepaid expenses	(15,480)	(12,863)
Increase (decrease) in liabilities:		
Accounts payable	120,935	(16,651)
Accrued expenses	22,702	3,296
Deferred revenue	135,625	9,438,450
Other postemployment benefit liability	25,097	-
Other current liabilities	<u>14,518</u>	<u>(6,117)</u>
 Net cash provided by operating activities	 <u>\$ 3,488,414</u>	 <u>\$ 12,001,770</u>

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Description of entity:

The Allentown Parking Authority (the Authority), a tax-exempt organization, was incorporated on November 30, 1984 by the City Council of the City of Allentown. The Authority is governed by a five member board appointed by the Mayor of the City of Allentown. The Authority is a component unit of the City of Allentown reporting entity. The Authority's purpose is to administer, supervise, and enforce an efficient system of off-street and on-street parking including the power and right:

- To conduct research and maintain data related to off-street and on-street parking programs;
- To enforce parking regulations by the distribution, issuance, and processing of parking tickets and by booting, towing and impounding of vehicles as provided by law;
- To acquire, locate, install and maintain parking meters and related supplies;
- To administer a program of residential permit parking as provided by law; and
- To collect, on behalf of the City of Allentown, all revenue, subject to certain return provisions, derived from on-street parking programs.

The accounting policies of the Allentown Parking Authority conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board. The following is a summary of the significant policies:

Basis of presentation and accounting:

The Authority's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary 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 assets (i.e.,

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

total assets net of total liabilities) are segregated into “invested in capital assets, net of related liabilities” and “unrestricted” components.

Cash and cash equivalents:

For the purposes of the statement of cash flows, the Authority considers all highly liquid investments, including investments in external investment pools, with an original maturity of three months or less to be cash equivalents.

Investments, external investment pools, certificates of deposit:

The Authority invests its idle funds in various instruments, including external investment pools, which invest in government secured instruments, certificates of deposit with federally-insured financial institutions and money market funds. The investments are valued at fair value, except for those that have a remaining maturity at the time of purchase of one year or less, which are valued at amortized cost. The Authority’s investment in external investment pools and money market funds are stated at fair value, which approximates cost and is classified as cash and cash equivalents on the balance sheet. The Authority’s investment in certificates of deposit in federally-insured financial institutions are valued at cost because they are considered non-negotiable, non-participating contracts for which redemption terms do not consider market rates.

Restricted assets:

Cash and investments received from the issuance of long-term debt has been presented as restricted assets because the usage of such assets are limited to that set forth in the bond documents.

Inventory:

Inventory consists of parking meters and their related components and is stated at cost (first-in, first-out).

Property and equipment:

The Authority capitalizes all assets with an estimated useful life in excess of one year in excess of \$5,000. Property and equipment are stated at cost, net of accumulated depreciation. Donated or contributed assets are stated at the estimated fair market value as of the date of donation. The Authority depreciates assets using the straight-line method over the following estimated useful lives:

Land improvements	10-44 years
Parking garages and components	5-50 years
Equipment and vehicles	3-20 years

Normal maintenance and repairs are charged to operations as incurred. Renewals and betterments are capitalized and depreciated based upon the expected life of such improvements. Amortization of assets under capital lease has been included as part of depreciation expense.

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Deferred charges:

Bond issuance costs have been deferred and are amortized using the straight-line method over the term of the related debt.

Compensated absences:

Vacation pay for both salaried and union employees is based on length of service and accrues as of each employee's anniversary date. Sick pay for both salaried and union employees is based on 8 days per calendar year for the years ended December 31, 2008 and 2007. The compensation policy includes a buy back provision for unused sick days as of December 31 of any calendar year. Provisions for vacation and sick pay are recorded on the accrual basis.

Net assets:

Net assets are comprised of the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified into two components: invested in capital assets, net of related liabilities and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt, net of unspent bond proceeds, that is attributable to the acquisition, construction and improvement of those assets. Unrestricted consists of all other net assets not included in the above category.

Revenues and expenses:

Operating revenues and expenses consist of those revenues and expenses that result from the principal operations of the Authority. Operating revenues consist of primarily charges to users of parking facilities. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type activities and result from nonexchange transactions or ancillary activities.

Capital contributions:

Contributions, which include capital grants, are recognized in the Statement of Revenues, Expenses and Changes in Net Assets when earned.

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.

Note 2. Cash and Investments

The deposit and investment activity of the Authority adheres to state statutes, prudent business practices and applicable trust indentures, which are more restrictive than existing state statutes.

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Pennsylvania law stipulates the investment and deposit types the Authority may purchase as follows:

- (a) U.S. Treasury bills.
- (b) Short-term obligations of the U.S. government or its agencies.
- (c) Demand, savings and time deposits with institutions insured by Federal insurance or collateralized with securities as provided by law.
- (d) Obligations of the United States or any of its agencies, the Commonwealth of Pennsylvania or any of its agencies or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies providing the obligations are backed by the full faith and credit of the political subdivisions.

There are no deposit or investment transactions during the years ended December 31, 2008 and 2007 that were in violation of state statutes or applicable trust indentures.

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 does not have a deposit policy for custodial credit risk. As of December 31, 2008, \$856,700 of the Authority's bank balance of \$1,366,513 was exposed to custodial credit risk while for the year ended December 31, 2007, \$2,889,164 of the Authority's bank balance of \$3,869,051 was exposed to custodial credit risk as follows:

	<u>2008</u>	<u>2007</u>
Uninsured and collateral held by pledging banks trust department not in the Authority's name	<u>\$ 856,700</u>	<u>\$ 2,889,164</u>

Deposits are included in the statement of net assets as cash and cash equivalents and certificates of deposit.

Amounts invested in external investment pools are not categorized because securities are not used as evidence of the investment.

External investment pools:

Pennsylvania Treasury Department INVEST Program (INVEST)

The Authority has an agreement with Pennsylvania Treasury Department to pool funds to enhance interest earnings. The INVEST program allows Pennsylvania municipalities to utilize the investment expertise of Treasury personnel to purchase investments with other local governmental units. Because of the large volume of money invested, the longer average investment maturity and low administrative charges; the State is able to provide a high rate of return. Funds deposited in the INVEST program require either one or ten day's notice for withdrawal. The INVEST pool is not SEC regulated. The investment policy of INVEST is guided by Pennsylvania statute for respective shareholder participants. The policy is consistent with investment criteria for a "AAA" rating from the Standard and Poors and Fitch rating agencies. An oversight committee comprised of the State Treasurer, the State Secretary of the Budget and the State House of Representatives Majority and Minority Chairmen together with three independent third party investment experts provide investment advice and strategies to be utilized by the INVEST program. The fair value of the Authority's position in the INVEST pool is the same as

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

the value of the pool shares. The Authority's investment in INVEST has been rated AAAM, the highest rating available, by Standard and Poor's, an independent investment rating company. The Authority's investment in INVEST has also been rated AAA/V1+, the highest rating available, by Fitch, an independent investment rating company.

Pennsylvania School District Liquid Asset Fund (PSDLAF)

The Authority invests in the Pennsylvania School District Liquid Asset Fund (PSDLAF), a customized cash management program created in 1982 by the Pennsylvania School Boards Association and the Pennsylvania Association of School Business Officials to provide a unique set of benefits and enhancements for investing public funds. The general objective of the Fund is to provide its investors current income while preserving capital in a manner compatible with the needs and requirements of public school and local government entities in Pennsylvania. The pool is not SEC regulated. The investment policy of PSDLAF is guided by Section 440.1 of the Pennsylvania School Code which governs the temporary investment of funds by School Entities. The fund is managed by a Board of Trustees, who oversees, reviews, and supervises the activities of all consultants and professional Advisers to the Fund. The Trustees also retain an Executive Director of the Fund who acts as a consultant to the Fund and performs such consulting and advisory services with respect to matters concerning the operations and activities of the Fund as may from time to time be reasonably requested by the Trustees. An independent investment company has been appointed by the Trustees to act as the Fund's Investment Adviser. The fair value of the Authority's position in the PSDLAF is the same as the value of the pool shares. The Authority's investment in PSDLAF has been rated AAAM, the highest rating available, by Standard and Poor's, an independent investment rating company.

As of December 31, 2008 and 2007, the carrying amounts of external investment pool assets were \$1,242,843 and \$204,840, respectively. The fair value of external investment pool assets approximate their carrying values as of December 31, 2008 and 2007. As required by the Governmental Accounting Standards Board, investments in external investment pools are uncategorized with regard to risk and are not included in the custodial credit risk table presented above.

Note 3. Capital Assets

Capital asset activity for the years ended December 31, 2008 and 2007 is as follows:

	Year Ended December 31, 2008			
	Balance Jan. 1, 2008	Additions	Deletions	Balance Dec. 31, 2008
Non-depreciable assets:				
Land	\$ 8,672,942	\$ -	\$ -	\$ 8,672,942
Construction in progress	18,471	22,500	18,471	22,500
	8,691,413	22,500	18,471	8,695,442
Depreciable assets:				
Lot improvements	2,274,546	-	269,653	2,004,893
Building and building improvements	790,889	-	-	790,889

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NOTES TO FINANCIAL STATEMENTS

	Year Ended December 31, 2008			
	Balance Jan. 1, 2008	Additions	Deletions	Balance Dec. 31, 2008
Leasehold improvements	1,533,947	-	-	1,533,947
Parking garages and lots	38,714,761	411,305	-	39,126,066
Vehicles and equipment	<u>1,283,489</u>	<u>183,284</u>	<u>71,724</u>	<u>1,395,049</u>
	<u>44,597,632</u>	<u>594,589</u>	<u>341,377</u>	<u>44,850,844</u>
	53,289,045	617,089	359,848	53,546,286
Less accumulated depreciation	<u>7,244,599</u>	<u>1,551,648</u>	<u>217,262</u>	<u>8,578,985</u>
	<u>\$ 46,044,446</u>	<u>\$ (934,559)</u>	<u>\$ 142,586</u>	<u>\$44,967,301</u>
	Year Ended December 31, 2007			
	Balance Jan. 1, 2007	Additions	Deletions	Balance Dec. 31, 2007
Non-depreciable assets:				
Land	\$ 4,576,111	\$ 4,368,815	\$ 271,984	\$ 8,672,942
Construction in progress	<u>11,335,171</u>	<u>9,000</u>	<u>11,325,700</u>	<u>18,471</u>
	<u>15,911,282</u>	<u>4,377,815</u>	<u>11,597,684</u>	<u>8,691,413</u>
Depreciable assets:				
Lot improvements	2,255,885	27,400	8,739	2,274,546
Building and building improvements	790,889	-	-	790,889
Leasehold improvements	1,533,947	-	-	1,533,947
Parking garages and lots	9,268,777	29,509,322	63,338	38,714,761
Vehicles and equipment	<u>1,233,034</u>	<u>119,983</u>	<u>69,528</u>	<u>1,283,489</u>
	<u>15,082,532</u>	<u>29,656,705</u>	<u>141,605</u>	<u>44,597,632</u>
	30,993,814	34,034,520	11,739,289	53,289,045
Less accumulated depreciation	<u>6,326,305</u>	<u>1,026,790</u>	<u>108,496</u>	<u>7,244,599</u>
	<u>\$ 24,667,509</u>	<u>\$ 33,007,730</u>	<u>\$ 11,630,793</u>	<u>\$ 46,044,446</u>

Depreciation expense for the years ended December 31, 2008 and 2007 was \$1,551,648 and \$1,026,790, respectively.

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 4. Deferred Charges

Deferred charges activity for the years ended December 31, 2008 and 2007 consist of the following:

	<u>Year Ended December 31, 2008</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>Jan.1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Dec. 31, 2008</u>
Bond issuance costs:				
Guaranteed Parking Revenue Bond				
Series of 2003	\$ 38,489	\$ -	\$ -	\$ 38,489
Parking Revenue Bond				
Series of 2004	109,064	-	-	109,064
Parking Revenue Bond				
Series of 2005	260,756	-	-	260,756
Parking Revenue Bond				
Series of 2007	<u>10,976</u>	<u>-</u>	<u>-</u>	<u>10,976</u>
	419,285	-	-	419,285
Less accumulated amortization	<u>69,901</u>	<u>-</u>	<u>24,194</u>	<u>94,095</u>
	<u>\$ 349,384</u>	<u>\$ -</u>	<u>\$ 24,194</u>	<u>\$ 325,190</u>

	<u>Year Ended December 31, 2007</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>Jan.1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Dec. 31, 2007</u>
Bond issuance costs:				
Guaranteed Parking Revenue Bond				
Series of 2003	\$ 38,489	\$ -	\$ -	\$ 38,489
Parking Revenue Bond				
Series of 2004	109,064	-	-	109,064
Parking Revenue Bond				
Series of 2005	260,756	-	-	260,756
Parking Revenue Bond				
Series of 2007	<u>-</u>	<u>10,976</u>	<u>-</u>	<u>10,976</u>
	408,309	10,976	-	419,285
Less accumulated amortization	<u>45,812</u>	<u>-</u>	<u>24,089</u>	<u>69,901</u>
	<u>\$ 362,497</u>	<u>\$ 10,976</u>	<u>\$ 24,089</u>	<u>\$ 349,384</u>

Note 5. Notes Payable, Bank

The Authority has established a line of credit with a local bank in the amount of \$2,000,000. The purpose of the line of credit is to provide temporary funding for improvements to the Authority's parking facilities. The interest rate on the line of credit is 70% of the *Wall Street*

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Journal Prime Rate. As of December 31, 2008 and 2007, the rate of this line is 2.275% and 5.075%, respectively.

Short-term debt activity for the years ended December 31, 2008 and 2007 is as follows:

	<u>Year Ended December 31, 2008</u>			
	<u>Balance</u>		<u>Retirements</u>	<u>Balance</u>
	<u>Jan 1, 2008</u>	<u>Additions</u>		<u>Dec. 31, 2008</u>
Line of credit	<u>\$ 340,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,853</u>

	<u>Year Ended December 31, 2007</u>			
	<u>Balance</u>		<u>Retirements</u>	<u>Balance</u>
	<u>Jan 1, 2007</u>	<u>Additions</u>		<u>Dec. 31, 2007</u>
Line of credit	<u>\$ 340,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,853</u>

Note 6. Long-Term Debt

Long-term debt activity for the years ended December 31, 2008 and 2007 is as follows:

	<u>Year Ended December 31, 2008</u>			
	<u>Balance</u>		<u>Retirements</u>	<u>Balance</u>
	<u>Jan 1, 2008</u>	<u>Additions</u>		<u>Dec. 31, 2008</u>
<u>Revenue Bonds Payable:</u>				
Guaranteed Parking Revenue Bond Series of 2003	\$ 3,225,000	\$ -	\$ 480,000	\$ 2,745,000
Guaranteed Parking Revenue Bond Series of 2004	3,860,000	-	600,000	3,260,000
Guaranteed Parking Revenue Bond Series of 2005	11,810,000	-	230,000	11,580,000
Parking Revenue Bond Series B of 2007	<u>3,500,000</u>	<u>-</u>	<u>-</u>	<u>3,500,000</u>
	22,395,000	-	1,310,000	21,085,000
Less unamortized deferred costs of refunding	<u>319,650</u>	<u>-</u>	<u>40,886</u>	<u>278,764</u>
	<u>\$22,075,350</u>	<u>\$ -</u>	<u>\$ 1,269,114</u>	<u>\$ 20,806,236</u>

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

	Year Ended December 31, 2007			
	Balance Jan 1, 2007	Additions	Retirements	Balance Dec. 31, 2007
<u>Revenue Bonds Payable:</u>				
Guaranteed Parking Revenue Bond Series of 2003	\$ 3,695,000	\$ -	\$ 470,000	\$ 3,225,000
Guaranteed Parking Revenue Bond Series of 2004	4,440,000	-	580,000	3,860,000
Guaranteed Parking Revenue Bond Series of 2005	12,030,000	-	220,000	11,810,000
Parking Revenue Bond Series A of 2007	-	6,000,000	6,000,000	-
Parking Revenue Bond Series B of 2007	-	<u>3,500,000</u>	-	<u>3,500,000</u>
	<u>20,165,000</u>	<u>9,500,000</u>	<u>7,270,000</u>	<u>22,395,000</u>
Less unamortized deferred costs of refunding	<u>360,536</u>	<u>-</u>	<u>40,886</u>	<u>319,650</u>
	<u>\$ 19,804,464</u>	<u>\$ 9,500,000</u>	<u>\$ 7,229,114</u>	<u>\$ 22,075,350</u>

A summary of each revenue bond payable and lease is provided in the ensuing paragraphs.

Guaranteed Parking Revenue Refunding Bonds, Series of 2003

On November 13, 2003, the Authority issued the Guaranteed Parking Revenue Refunding Bonds, Series of 2003, in the amount of \$4,970,000. The proceeds of the bonds were used to currently refund the remaining outstanding Guaranteed Parking Revenue Bonds, Series of 1993 and to pay off the remaining principal and interest due on the Parking Revenue Bond, Series B of 1999, Parking Revenue Bond, Series of 2002 and the Authority's outstanding line of credit. Bond proceeds were also used to pay the issuance costs of the Bonds.

Principal on the Bonds is payable each November 15 with interest payments payable each May 15 and November 15. The schedule of future maturities and total debt service of the Bonds as of December 31, 2008 is as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2009	\$ 500,000	2.60%	\$ 92,823	\$ 592,823
2010	290,000	3.00%	79,822	369,822
2011	295,000	3.25%	71,123	366,123
2012	310,000	3.50%	61,535	371,535
2013	320,000	3.60%	50,685	370,685
2014	330,000	3.70%	39,165	369,165

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

<u>Year</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2015	345,000	3.80%	26,955	371,955
2016	<u>355,000</u>	3.90%	<u>13,845</u>	<u>368,845</u>
	<u>\$ 2,745,000</u>		<u>\$ 435,953</u>	<u>\$ 3,180,953</u>

The Bonds maturing on and after November 15, 2009 are subject to redemption prior to maturity, at the option of the Authority, as a whole, or in part on November 15, 2008 or any date thereafter, as directed by the Authority.

The City of Allentown guarantees the full payment of principal and interest on the Bonds. The bonds are secured by a pledge of Authority revenues.

Guaranteed Parking Revenue Refunding Bonds, Series of 2004

On September 15, 2004, the Authority issued the Guaranteed Parking Revenue Refunding Bonds, Series of 2004, in the amount of \$5,565,000. The proceeds of the Bonds were used to currently refund the remaining outstanding Guaranteed Parking Revenue Refunding Bonds, Series of 1999 and to pay the costs of issuing and insuring the Bonds.

Principal on the Bonds is payable each October 1 with interest payments payable each April 1 and October 1. The schedule of future maturities and total debt service of the Bonds as of December 31, 2008 is as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2009	\$ 615,000	2.75%	\$ 102,225	\$ 717,225
2010	630,000	3.00%	85,313	715,313
2011	650,000	3.125%	66,412	716,412
2012	670,000	3.25%	46,100	716,100
2013	<u>695,000</u>	3.50%	<u>24,325</u>	<u>719,325</u>
	<u>\$ 3,260,000</u>		<u>\$ 324,375</u>	<u>\$ 3,584,375</u>

The Bonds maturing on and after October 1, 2010 are subject to redemption prior to maturity, at the option of the Authority, as a whole, or in part on October 1, 2009 or any date thereafter, as directed by the Authority.

The City of Allentown guarantees the full payment of principal and interest on the Bonds. The bonds are secured by a pledge of Authority revenues.

Guaranteed Parking Revenue Bonds, Series 2005

On November 15, 2005, the Authority issued the Guaranteed Parking Revenue Bonds, Series 2005, in the amount of \$12,265,000. The proceeds of the Bonds are being used to finance capital projects which include the acquisition and construction of two parking garages and surface parking lot improvements and to pay for the costs of issuing and insuring the Bonds.

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Principal on the Bonds is payable each November 15 with interest payments payable each May 15 and November 15. The schedule of future maturities and total debt service of the Bonds as of December 31, 2008 is as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2009	\$ 235,000	4.50%	\$ 531,064	\$ 766,064
2010	245,000	4.50%	520,489	765,489
2011	260,000	3.50%	509,464	769,464
2012	265,000	4.00%	500,364	765,364
2013	275,000	4.00%	489,764	764,764
2014	290,000	4.00%	478,764	768,764
2015	300,000	4.00%	467,164	767,164
2016	310,000	4.00%	455,164	765,164
2017	325,000	4.125%	442,764	767,764
2018	340,000	4.25%	429,358	769,358
2019	350,000	4.25%	414,908	764,908
2020	365,000	4.375%	400,033	765,033
2021	385,000	4.375%	384,064	769,064
2022	400,000	4.50%	367,220	767,220
2023	420,000	4.50%	349,220	769,220
2024	435,000	4.50%	330,320	765,320
2025	455,000	4.50%	310,745	765,745
2026	475,000	4.60%	290,270	765,270
2027	500,000	4.60%	268,420	768,420
2028	520,000	4.60%	245,420	765,420
2029	545,000	4.60%	221,500	766,500
2030	570,000	5.00%	194,250	764,250
2031	600,000	5.00%	165,750	765,750
2032	630,000	5.00%	135,750	765,750
2333	660,000	5.00%	104,250	764,250
2034	695,000	5.00%	71,250	766,250
2035	<u>730,000</u>	5.00%	<u>36,500</u>	<u>766,500</u>
	<u>\$ 11,580,000</u>		<u>\$ 9,114,229</u>	<u>\$20,694,229</u>

The Bonds maturing on or after November 15, 2016 are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part on November 15, 2015 or any date thereafter, as directed by the Authority.

The Bonds slated to mature on November 15 of the years 2028 and 2035 (the "Term Bonds") are subject to mandatory redemption prior to maturity on November 15 of the years and in principal amounts as set forth in the following schedule:

Bonds Maturing November 15, 2028

<u>Year</u>	<u>Amount</u>
2026	\$ 475,000
2027	500,000

Bonds Maturing November 15, 2035

<u>Year</u>	<u>Amount</u>
2029	\$ 545,000
2030	570,000

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

<u>Bonds Maturing November 15, 2028</u>		<u>Bonds Maturing November 15, 2035</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2028	520,000	2031	600,000
		2032	630,000
		2033	660,000
		2034	695,000
		2035	730,000

The City of Allentown guarantees the full payment of principal and interest on the Bonds. The Bonds are secured by pledge of Authority revenues.

Parking Revenue Bonds, Series A of 2007

On March 14, 2007, the Authority issued the Parking Revenue Refunding Bonds, Series A of 2007, in the amount of \$6,000,000. The proceeds of the bonds were used to obtain short term financing for a portion of the constructions costs of the Allentown Transportation Center in the City of Allentown. The bonds were used as a bridge loan from March 14, 2007 until they were paid off on December 24, 2007. Interest expense for the loan for the years ending December 31, 2008 and 2007 was \$0 and \$190,190, respectively.

Parking Revenue Bonds, Series B of 2007

On March 14, 2007, the Authority issued the Parking Revenue Refunding Bonds, Series B of 2007, in the amount of \$3,500,000. The proceeds of the bonds were used for the purpose of additional financing for two parking facilities in the City of Allentown.

Principal on the Bonds is payable each October 1 commencing on October 1, 2010 with interest payments payable quarterly and commencing on July 1, 2007. The schedule of future maturities and total debt service of the Bonds as of December 31, 2008 is as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2009	\$ -	4.20%	\$ 149,042	\$ 149,042
2010	70,000	4.20%	149,042	219,042
2011	80,000	4.20%	146,061	226,061
2012	85,000	4.20%	143,045	228,045
2013	90,000	4.20%	139,035	229,035
2014	100,000	4.20%	135,202	235,202
2015	110,000	4.20%	130,944	240,944
2016	120,000	4.20%	126,606	246,606
2017	125,000	4.20%	121,150	246,150
2018	135,000	4.20%	115,827	250,827
2019	140,000	4.20%	110,078	250,078
2020	145,000	4.20%	104,402	249,402
2021	155,000	4.20%	97,942	252,942
2022	165,000	4.20%	91,341	256,341
2023	175,000	4.20%	84,315	259,315
2024	180,000	4.20%	77,074	257,074

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

<u>Year</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2025	195,000	4.20%	69,198	264,198
2026	205,000	4.20%	60,894	265,894
2027	215,000	4.20%	52,165	267,165
2028	230,000	4.20%	43,127	273,127
2029	245,000	4.20%	33,215	278,215
2030	260,000	4.20%	22,782	282,782
2031	<u>275,000</u>	4.20%	<u>11,710</u>	<u>286,710</u>
	<u>\$ 3,500,000</u>		<u>\$ 2,214,197</u>	<u>\$ 5,714,197</u>

The bonds are secured by a pledge of Authority revenues.

Unamortized Deferred Costs of Refunding

In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the Authority has deferred the difference between the reacquisition price (the amount deposited into escrow to pay off the bonds) and the net carrying amount of previously refunded debt. This deferred cost of refunding is being amortized into interest expense on a straight-line basis over the shorter of the life of the new and old bonds. During the years ended December 31, 2008 and 2007, such amortization amounted to \$40,886 and \$40,886. The unamortized deferred costs of refunding are reported as a reduction of the outstanding bonds payable.

The annual aggregate maturities of long-term debt as of December 31, 2008 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Deferred Refunding Costs</u>
2009	\$ 1,350,000	\$ 875,154	\$ 2,225,154	\$ 40,886
2010	1,235,000	834,666	2,069,666	40,886
2011	1,285,000	793,060	2,078,060	40,886
2012	1,330,000	751,044	2,081,044	40,131
2013	1,380,000	703,809	2,083,809	35,379
2014	720,000	653,131	1,373,131	27,937
2015	755,000	625,063	1,380,063	27,937
2016	785,000	595,615	1,380,615	24,722
2017	450,000	563,914	1,013,914	-
2018	475,000	545,185	1,020,185	-
2019	490,000	524,986	1,014,986	-
2020	510,000	504,435	1,014,435	-
2021	540,000	482,006	1,022,006	-
2022	565,000	458,561	1,023,561	-
2023	595,000	433,535	1,028,535	-
2024	615,000	407,394	1,022,394	-
2025	650,000	379,943	1,029,943	-
2026	680,000	351,164	1,031,164	-

ALLENTOWN PARKING AUTHORITY
NOTES TO FINANCIAL STATEMENTS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Deferred Refunding Costs</u>
2027	715,000	320,585	1,035,585	-
2028	750,000	288,547	1,038,547	-
2029	790,000	254,715	1,044,715	-
2030	830,000	217,032	1,047,032	-
2031	875,000	177,460	1,052,460	-
2032	630,000	135,750	765,750	-
2333	660,000	104,250	764,250	-
2034	695,000	71,250	766,250	-
2035	<u>730,000</u>	<u>36,500</u>	<u>766,500</u>	<u>-</u>
	<u>\$ 21,085,000</u>	<u>\$ 12,088,754</u>	<u>\$ 33,173,754</u>	<u>\$ 278,764</u>

Note 7. Operating Leases

The Authority utilizes operating leases to meet its various equipment and parking lot needs. The minimum future rentals due from these operating leases, which include the lease of office equipment, as of December 31, 2008 are as follows:

<u>Year Ending December 31</u>	
2009	\$ 3,732
2010	3,144
2011	1,380
2012	<u>1,380</u>
	<u>\$ 9,636</u>

Lease rental expense for these leases amounted to \$3,088 and \$2,638 for the years ended December 31, 2008 and 2007, respectively.

Note 8. Leasing Activities

The Authority leases office space and parking facilities to third parties under operating lease agreements. The rents are determined based on the square footage being rented and are subject to periodic increases. The agreements also include various renewal options after the initial term expires. Minimum future rental income from the operating leases as of December 31, 2008 is as follows:

<u>Years Ending December 31</u>	
2009	\$ 95,928
2010	95,928
2011	95,928
2012	95,928

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Years Ending	
<u>December 31</u>	
2013	95,928
Thereafter	<u>7,736,872</u>
	<u>\$ 8,216,512</u>

Note 9. Pension Plans

The Authority maintains two pension plans for its eligible employees.

Allentown Parking Authority Union Employees' Defined Contribution Retirement Plan

This retirement plan is designed to provide retirement benefit to the Authority's eligible union employees. The plan covers all eligible employees over the age of 19 with one year of service with the Authority. Employer contributions to the plan are established by the Union's collective bargaining agreement. Employer contributions were fixed at 5% by the collective bargaining agreement for the years ended December 31, 2008 and 2007. Participant contributions are on a voluntary basis up to 10% of compensation. The plan's provisions may be amended by resolution of the Authority's Board of Directors subject to 90 days written notice to the plan's Trustee. No modification which affects the rights, duties and responsibilities of the Trustee may be made without the Trustee's consent.

Allentown Parking Authority Salaried Employees Defined Benefit Pension Plan

The Authority has established the Salaried Employees Defined Benefit Pension Plan, a single employer plan, to provide retirement and death benefits to plan members and beneficiaries of the Authority's eligible salaried employees. All new salaried employees are eligible for membership in the Plan on the first day of the month following employment.

Funding Policy:

The contribution requirements of the plan members and the Authority and the Plan's benefit provisions are established by the plan document and may be amended only by the Authority Board. Plan members are required to contribute 5% of their compensation as a condition of membership. The Authority is required to contribute to the plan to cover the expenses of the plan and to fund all the benefits of the plan on a sound actuarial basis.

Annual Pension Cost and Net Pension Obligation:

The annual required contribution was determined as part of an actuarial valuation dated January 1, 2007 using the Entry Age Normal Cost Valuation Method. The Authority's annual pension cost and net pension obligation to the plan for the plan year ended December 31, 2008 and 2007 were as follows:

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

	<u>2008</u>	<u>2007</u>
Annual required contribution	\$ 120,020	\$ 172,324
Interest on net pension obligation	(14,154)	(13,166)
Adjustment to annual required contribution	<u>19,888</u>	<u>-</u>
Annual pension cost	125,754	159,158
Contributions made	<u>120,250</u>	<u>172,336</u>
(Increase) decrease in net pension obligation (asset)	5,504	(13,178)
Net pension obligation (asset), beginning of year	<u>(188,722)</u>	<u>(175,544)</u>
Net pension obligation (asset), end of year	<u>\$ (183,218)</u>	<u>\$ (188,722)</u>

Actuarial Assumptions:

The actuarial assumptions of the Plan include the following:

- a) Investment return - 7.5%
- b) Post-retirement costs were estimated using the 1983 Group Mortality Table. Female mortality is assumed equal to that of males six years younger.
- c) Salary increases of 5% compounded annually.
- d) Retirement is assumed at normal retirement age of 55 or age on valuation date if greater.
- e) Post-retirement benefits assume a life annuity with 120 monthly payments guaranteed.
- f) The unfunded actuarial liability is amortized using the level dollar method over a period of 4.13 years.
- g) An adjustment for inflation is included in the investment return and salary increase assumptions.

Asset Valuation:

Plan assets are valued using market values, except for insurance holdings, if any, which are valued at reported contract values.

Trend Information:

Trend information for the plan is as follows:

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$ 162,192	162%	\$(175,544)
12/31/07	159,158	108%	(188,722)
12/31/08	125,754	96%	(183,218)

The Authority's pension expense amounted to \$163,627 and \$185,223 for the years ended December 31, 2008 and 2007, respectively.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Note 10. Other Postemployment Benefits (OPEB)

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2008, the Authority recognizes the cost of postemployment healthcare in the year when employees' services are received, reports the liability from prior years, and provides information useful in assessing potential demands on the Authority's future cash flows. Because the Authority is adopting the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008 liability.

Plan Description:

The Authority provides continuation of medical insurance coverage to employees who retire at a minimum age of 55 from a management position with at least 20 years of management service. The employee must be actively employed up to age 55 to be eligible. The single employer plan allows for participation in the Authority's "basic" medical plan which includes a prescription drug benefit. The Authority will pay a percentage of the cost of single coverage to age 65 or until the retiree becomes eligible for Medicare benefits, whichever comes first at a rate of 80% and 100% for retired employees with more than 20 and 25 years of service, respectively. Coverage may be deferred until a later date prior to eligibility for Medicare, provided the retiree has documentation of continued medical and prescription drug coverage. During the deferment period, the Authority will pay the retiree 25% of the cost of "basic" single coverage.

All benefits to management employees will be reviewed at various times in the future and, thus, costs and benefits are subject to change with the approval of the Authority's Board of Directors. OPEB benefits are administered by the Authority and no separate financial statements are issued.

The number of participants as of January 1, 2008, the effective date of the OPEB valuation, is 12 active employees and 2 retired employees. There have been no significant changes in the number covered or the type of coverage since that date.

ALLENTOWN PARKING AUTHORITY
NOTES TO FINANCIAL STATEMENTS

Funding Policy:

The Authority currently pays for postemployment health care benefits on a pay-as-you-go basis. Although the Authority is studying the establishment of trusts to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation:

The Authority's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Authority's net OPEB obligation to the Plan:

	2008	2007
Normal cost	\$ 16,682	\$ -
Interest on net OPEB obligation	1,664	-
Adjustment to annual required contribution	20,303	-
Annual OPEB cost	38,650	-
Pay as you go contributions made	(13,553)	-
Increase in net OPEB obligation	25,097	-
Net OPEB, beginning of year	-	-
Net OPEB, end of year	\$ 25,097	\$ -

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending December 31, 2008 was as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
12/31/08	\$ 38,650	43%	\$ 25,097

In future years, three-year trend information will be presented. The year ended December 31, 2008 was the year of implementation of GASB Statement No. 45 and the Authority elected to implement prospectively, therefore, prior year comparative data is not available.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008, actuarial valuation, the liabilities were computed using the entry age normal cost method and level dollar amortization. The actuarial assumptions utilized a 4.5% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4.5% rate. The valuation assumes a 9% healthcare cost trend increase for fiscal year 2008, decreasing by 0.5% per year to 5% in 2016 and thereafter. The valuation provides for 5% per year wage inflation and merit increases.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Note 11. Contributions

The Authority made contributions in the amounts of \$230,113 and \$96,669 to the City of Allentown during the years ended December 31, 2008 and 2007, respectively. The 2008 contributions included the Sovereign Plaza, a piece of land with lot improvements with an adjusted basis value of \$124,115, \$10,377 for paid parking tickets issued by the Allentown Police Department for double parking, \$46,076 for the City's share of year round street cleaning tickets and \$49,545 for Allentown Police Department tickets remitted to the Authority. The 2007 contributions included \$21,694 for a needs assessment study for the Allentown Police Department, \$7,850 for paid parking tickets issued by the Allentown Police Department for double parking and \$67,125 for the City's share of year round street cleaning tickets.

Note 12. Deferred Compensation Plan

The Authority has established a deferred compensation plan for the benefit of its employees in accordance with Internal Revenue Code Section 457. This plan permits employees to voluntarily defer current compensation until future years. The assets of the Plan were held in trust by the Mutual of America Life Insurance Company, but were transferred to International City/ County management Association Retirement Corporation during 2008. Because the assets of the Plan are held in trust for the exclusive benefit of the Plan's participants and beneficiaries, as required by the Internal Revenue Code, the assets are not recorded in the financial statements of the Authority in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Investments are managed and offered by the trustee for the benefit of the participants.

ALLENTOWN PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Beginning in 2008, the Authority matches up to 3% of union employee contributions to the deferred compensation plan through contributions to a 401 Money Purchase Plan. The Authority made contributions of \$12,547 and \$0 to the 401 plan for the years ending December 31, 2008 and 2007, respectively. Twenty-two and nine employees contributed to the Plan during 2008 and 2007, respectively.

Note 13. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets and errors and omissions. The Authority purchases commercial insurance to cover most insurable risks.

The Authority is a member of the Lehigh Valley Insurance Cooperative (LVIC), a pool of municipalities to purchase health insurance coverage. The purpose of the cooperative is to control escalating health care premiums by allowing municipalities the potential for volume discounts and annual premium returns for favorable claims experience. Rates for each municipality are developed annually with a final reconciliation of total premiums to actual claims made approximately six months after each policy year end. Allocation of any surplus is determined by a board of officers appointed by participants. Unfavorable experience is included in the following year rates. Maximum limits for any one claim are established to minimize cost exposure. A 10% reserve is built into the rates to cover the cooperatives operating costs and any unfavorable experience.

Note 14. Litigation

In the normal course of business, the Authority is involved in various civil disputes. It is believed that any potential losses on these various claims and lawsuits will not have a material impact on the Authority.

ALLENTOWN PARKING AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for
Defined Benefit Pension Plan**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded (Overfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UALL as a Percentage of Covered Payroll ((b-a)/c)</u>
01/01/03	\$ 575,341	\$ 1,510,592	\$ 935,251	38.09%	\$ 531,536	176.0%
01/01/05	1,225,808	1,943,228	717,420	63.08%	587,848	122.0%
01/01/07	1,976,195	2,192,368	216,173	90.14%	589,249	36.7%

ALLENTOWN PARKING AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for
Other Postemployment Benefits Program**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded (Overfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UALL as a Percentage of Covered Payroll ((b-a)/c)</u>
01/01/08	\$ -	\$ 345,602	\$ 345,602	0.00%	\$ 605,005	57.1%

ALLENTOWN PARKING AUTHORITY

**SCHEDULE OF OPERATING REVENUES AND EXPENSES,
EXCLUDING DEPRECIATION AND AMORTIZATION
ACTUAL AND BUDGET
Year Ended December 31, 2008**

	Actual			
	Park & Shop	On-street Parking	Surface Lots	Walnut and Ninth Streets
OPERATING REVENUES				
On-street parking:				
Parking meter	\$ -	\$ 812,416	\$ -	\$ -
Parking fines	-	3,004,025	-	-
Parking permits	-	36,892	-	-
Total on-street parking	-	3,853,333	-	-
Garages and lots	495,928	-	80,001	421,641
Total operating revenues	495,928	3,853,333	80,001	421,641
OPERATING EXPENSES				
Wages and benefits	169,067	920,032	-	284,502
Services and charges:				
Utilities	21,917	1,303	6,688	18,181
Postage	-	-	-	-
Printing	-	-	-	-
Advertising	-	-	-	-
Training and professional development	-	-	-	-
Insurance	13,771	13,593	1,648	12,338
Repairs and maintenance	12,223	35,672	2,508	26,910
Equipment leasing	-	-	-	-
Professional fees	-	-	-	-
Snow removal	14,418	-	844	225
Real estate taxes	2,951	-	-	-
Bank and coin counting fees	-	6,573	-	-
Other	1,756	289	700	-
Total services and charges	67,036	57,430	12,388	57,654
Materials and supplies:				
Uniforms	584	7,860	-	1,639
Office and operating supplies	-	-	-	2,768
Vehicle expense	-	31,096	-	-
Total materials and supplies	584	38,956	-	4,407
Total operating expenses before depreciation and amortization	236,687	1,016,418	12,388	346,563
Operating income (loss) before depreciation and amortization	\$ 259,241	\$ 2,836,915	\$ 67,613	\$ 75,078

Actual							
Parking Garages				Administrative and General	Total	Budget	Variance Favorable (Unfavorable)
600 Linden Street	Bon Ton Garage	Transportation Center	Government Garage				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 812,416	\$ 830,000	\$ (17,584)
-	-	-	-	-	3,004,025	2,995,000	9,025
-	-	-	-	-	36,892	35,000	1,892
-	-	-	-	-	3,853,333	3,860,000	(6,667)
<u>180,323</u>	<u>490,975</u>	<u>278,891</u>	<u>322,428</u>	-	<u>2,270,187</u>	<u>1,697,500</u>	<u>572,687</u>
<u>180,323</u>	<u>490,975</u>	<u>278,891</u>	<u>322,428</u>	-	<u>6,123,520</u>	<u>5,557,500</u>	<u>566,020</u>
<u>68,596</u>	<u>57,414</u>	-	<u>6,680</u>	<u>561,837</u>	<u>2,068,128</u>	<u>2,254,700</u>	<u>186,572</u>
12,991	42,695	45,417	32,058	26,637	207,887	217,450	9,563
-	-	-	-	24,037	24,037	25,000	963
-	-	-	-	27,712	27,712	22,000	(5,712)
-	-	-	-	6,244	6,244	5,000	(1,244)
-	-	-	-	8,507	8,507	10,000	1,493
8,324	14,358	9,886	12,770	8,836	95,524	93,550	(1,974)
12,798	24,030	8,791	16,724	60,128	199,784	156,200	(43,584)
-	-	-	-	3,088	3,088	4,000	912
-	-	-	-	97,242	97,242	78,000	(19,242)
150	75	1,520	113	-	17,345	21,700	4,355
5,474	7,438	-	-	-	15,863	23,500	7,637
-	-	-	-	-	6,573	22,500	15,927
<u>524</u>	<u>7,556</u>	<u>3,309</u>	<u>4,234</u>	<u>33,315</u>	<u>51,683</u>	<u>42,600</u>	<u>(9,083)</u>
<u>40,261</u>	<u>96,152</u>	<u>68,923</u>	<u>65,899</u>	<u>295,746</u>	<u>761,489</u>	<u>721,500</u>	<u>(39,989)</u>
-	249	-	-	-	10,332	11,600	1,268
2,310	-	-	-	16,494	21,572	23,200	1,628
-	-	-	-	-	31,096	30,000	(1,096)
<u>2,310</u>	<u>249</u>	-	-	<u>16,494</u>	<u>63,000</u>	<u>64,800</u>	<u>1,800</u>
<u>111,167</u>	<u>153,815</u>	<u>68,923</u>	<u>72,579</u>	<u>874,077</u>	<u>2,892,617</u>	<u>3,041,000</u>	<u>148,383</u>
<u>\$ 69,156</u>	<u>\$ 337,160</u>	<u>\$ 209,968</u>	<u>\$ 249,849</u>	<u>\$ (874,077)</u>	<u>\$ 3,230,903</u>	<u>\$ 2,516,500</u>	<u>\$ 714,403</u>

ALLENTOWN PARKING AUTHORITY

**SCHEDULE OF OPERATING REVENUES AND EXPENSES,
EXCLUDING DEPRECIATION AND AMORTIZATION
ACTUAL AND BUDGET
Year Ended December 31, 2007**

	Actual			
	Park & Shop	On-street Parking	Surface Lots	Walnut and Ninth Streets
OPERATING REVENUES				
On-street parking:				
Parking meter	\$ -	\$ 819,752	\$ -	\$ -
Parking fines	-	3,049,365	-	-
Parking permits	-	38,606	-	-
Total on-street parking	-	3,907,723	-	-
Garages and lots	452,091	-	68,143	387,067
Total operating revenues	452,091	3,907,723	68,143	387,067
OPERATING EXPENSES				
Wages and benefits	142,675	942,066	-	298,534
Services and charges:				
Utilities	19,665	822	7,732	18,286
Postage	-	-	-	-
Printing	-	-	-	-
Advertising	-	-	-	-
Training and professional development	-	-	-	-
Insurance	13,402	14,837	2,343	12,142
Repairs and maintenance	25,626	32,890	5,326	16,925
Equipment leasing	-	-	-	-
Professional fees	-	-	-	-
Snow removal	21,257	-	2,605	530
Real estate taxes	2,986	-	-	-
Bank and coin counting fees	-	8,503	-	-
Other	3,395	-	395	52
Total services and charges	86,331	57,052	18,401	47,935
Materials and supplies:				
Uniforms	441	5,719	-	1,806
Office and operating supplies	-	227	-	4,226
Vehicle expense	-	24,564	-	-
Total materials and supplies	441	30,510	-	6,032
Total operating expenses before depreciation and amortization	229,447	1,029,628	18,401	352,501
Operating income (loss) before depreciation and amortization	\$ 222,644	\$ 2,878,095	\$ 49,742	\$ 34,566

Actual

Parking Garages

600 Linden Street	Bon Ton Garage	Transportation Center	Government Garage	Administrative and General	Total	Budget	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 819,752	\$ 825,000	\$ (5,248)
-	-	-	-	-	3,049,365	2,880,000	169,365
-	-	-	-	-	38,606	35,000	3,606
-	-	-	-	-	3,907,723	3,740,000	167,723
<u>192,989</u>	<u>328,224</u>	<u>136,232</u>	<u>49,526</u>	<u>-</u>	<u>1,614,272</u>	<u>1,502,000</u>	<u>112,272</u>
<u>192,989</u>	<u>328,224</u>	<u>136,232</u>	<u>49,526</u>	<u>-</u>	<u>5,521,995</u>	<u>5,242,000</u>	<u>279,995</u>
<u>75,506</u>	<u>39,478</u>	<u>-</u>	<u>4,352</u>	<u>565,252</u>	<u>2,067,863</u>	<u>2,249,000</u>	<u>181,137</u>
14,385	46,219	24,813	10,207	28,937	171,066	135,000	(36,066)
-	-	-	-	26,003	26,003	23,000	(3,003)
-	-	-	-	17,341	17,341	22,000	4,659
-	-	-	-	6,188	6,188	5,000	(1,188)
-	-	-	-	4,408	4,408	12,000	7,592
8,501	14,492	9,209	-	-	74,926	79,950	5,024
11,494	39,664	13,594	3,072	43,008	191,599	127,200	(64,399)
-	-	-	-	2,638	2,638	4,000	1,362
-	-	-	-	87,488	87,488	72,000	(15,488)
550	175	361	-	-	25,478	16,200	(9,278)
6,026	8,411	2,375	-	-	19,798	23,000	3,202
-	-	-	-	226	8,729	15,000	6,271
201	5,049	6,982	30,685	31,935	78,694	31,100	(47,594)
<u>41,157</u>	<u>114,010</u>	<u>57,334</u>	<u>43,964</u>	<u>248,172</u>	<u>714,356</u>	<u>565,450</u>	<u>(148,906)</u>
-	-	-	-	-	7,966	11,500	3,534
1,896	-	-	-	28,829	35,178	20,000	(15,178)
-	-	-	-	-	24,564	24,000	(564)
<u>1,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,829</u>	<u>67,708</u>	<u>55,500</u>	<u>(12,208)</u>
<u>118,559</u>	<u>153,488</u>	<u>57,334</u>	<u>48,316</u>	<u>842,253</u>	<u>2,849,927</u>	<u>2,869,950</u>	<u>20,023</u>
<u>\$ 74,430</u>	<u>\$ 174,736</u>	<u>\$ 78,898</u>	<u>\$ 1,210</u>	<u>\$ (842,253)</u>	<u>\$ 2,672,068</u>	<u>\$ 2,372,050</u>	<u>\$ 300,018</u>