



PARKING
OF BALTIMORE CITY
AUTHORITY

doing more

WITH LESS 2010 ANNUAL REPORT

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses, income, and any other financial activities. The document provides a detailed list of items that should be tracked, such as dates, amounts, and descriptions of each transaction. It also outlines the proper format for recording these entries, ensuring that they are clear, concise, and easy to read. The second part of the document focuses on the process of reconciling the records. It explains how to compare the recorded transactions with the actual bank statements and other financial documents to identify any discrepancies. This process is crucial for detecting errors, such as double entries or missing transactions, and for ensuring that the records are accurate and up-to-date. The document provides step-by-step instructions for performing a reconciliation, including how to identify and investigate any differences. Finally, the document discusses the importance of regular audits and reviews. It explains that periodic audits can help to identify any weaknesses in the record-keeping process and to ensure that the records are being maintained in accordance with the relevant regulations and standards. The document provides a checklist of items to be reviewed during an audit, such as the accuracy of the records, the completeness of the data, and the proper use of the accounting system. Overall, the document provides a comprehensive guide to maintaining accurate financial records and ensuring the reliability of the data.



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doing more in 2010

WHEN THE MAYOR CALLED ON THE CITY OF BALTIMORE
TO DIG DEEPER TO STRETCH TAX DOLLARS, THE
PARKING AUTHORITY OF BALTIMORE CITY WAS ALREADY
WELL POSITIONED TO MEET THIS CHALLENGE.



Letter from the Mayor

This year, along with the rest of the country, Baltimore has had to dig deeper to make the most of the resources we have. I have asked City agencies and quasi-governmental organizations like the Parking Authority to get more value



from every single tax dollar. With a small staff and big expectations, the Parking Authority of Baltimore City continues to find ways to do more with limited resources.

The Parking Authority maximizes City assets to support not only its programs, but the City at large. New EZ Park Meters do the job of 10 traditional single-space meters and allow 15% more vehicles to park in the same amount of space. Additionally, through a new partnership with Zipcar, the Parking Authority is able to remove 15-20 personally owned vehicles per car sharing vehicle and increase the availability of scarce on-

street parking. To allow commuters to drive more using less energy, electric vehicle re-charging stations will be installed in eight PABC garages.

The Parking Authority is using innovative strategies like these to make our City-owned assets work harder for the residents of Baltimore. I invite you to learn more about the Parking Authority of Baltimore City, where they are doing more for Baltimore.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Rawlings-Blake". The signature is fluid and cursive, with a vertical line separating the first and last names.

Stephanie Rawlings-Blake
Mayor, Baltimore City



Parking Authority of Baltimore City Board of Directors

The Parking Authority is constantly looking for ways to do more with less. With only 28 team members to collect over \$30 Million of revenue, oversee the management of 8,932 off-street parking spaces, administer 1,107 residential reserved handicap parking spaces, operate 750 multi-space parking meters, and issue nearly 40,000 residential parking permits, doing more with less is not a new way of doing business. It's who we are.

Doing more means protecting and investing in Baltimore's valuable portfolio of parking garages. It means using parking meters that send notices when they're in need of maintenance. It also means utilizing parking demand management strategies like car sharing and the Charm City Circulator to reduce the total number of vehicles competing for scarce and valuable on-street parking spaces.

The Parking Authority must maximize the use of each parking space in order to get the most benefit for the citizens of Baltimore. Read on to discover all the ways we are doing more with less.

Keiffer J. Mitchell, Jr., Board Chair
Peter E. Auchincloss
Councilwoman Sharon Green Middleton, District 6, Board Secretary
Edward Gallagher
Pierce J. Flanigan, IV

2010 in review

MAKING ONE PARKING SPACE SERVE MORE
PEOPLE THROUGH CAR SHARING, EZ PARK METERS
AND WELL MAINTAINED PARKING GARAGES.





Zipcars Come to Baltimore

Zipcar vehicles can now be found on-street in the Central Business District, Charles Village, Mt. Vernon, Harbor East, West Side, Sharp Leadenhall and Little Italy neighborhoods and on the Johns Hopkins-Homewood Campus. The response from residents and businesses has been outstanding. More vehicles are being placed throughout the city to keep up with demand.



On June 29, 2010, Zipcar Baltimore was officially launched. Mayor Stephanie Rawlings-Blake drove a Mini Cooper convertible from City Hall to its new location on Lexington Street, where it will be available for Zipcar members to drive to appointments during the day, the grocery store on the weekend, or to Ocean City for a weekend getaway.

Last year, the Parking Authority issued a Request for Proposals (RFP) for a car sharing organization to serve Baltimore as a parking demand management tool. That RFP process was concluded this past summer when the Parking Authority signed an agreement with Zipcar to provide a car sharing service to the City.

One car sharing vehicle has been shown to remove 15-20 private vehicles. Members of car sharing organizations report selling or not purchasing personally owned vehicles and walking, bicycling and taking transit more, which reduces the demand for parking, reduces congestion, and reduces harmful tailpipe emissions.

With no car payment, insurance or gas to budget for, car sharing members save money. By switching to alternative forms of transportation such as transit, bicycling and walking for most trips and driving Zipcar occasionally, members save more than \$600 a month on average.

A Zipcar membership can also provide affordable access to a vehicle for those who can't afford to own a car. Zipcar has committed to placing vehicles in areas where fewer residents own cars so that they can take a trip to the grocery store, a doctor's appointment or a job interview without having to rely on friends, risk a hack or wait on the bus.

Go to Zipcar.com to learn more or to become a member.

Making the Most of EZ Park Meters

More than 750 EZ Park Meters have been installed throughout Baltimore City since 2004. Replacing the old single-space parking meters with EZ Park Meters increases by 15% the number of vehicles that can park on a given block. Recent improvements have allowed the Parking Authority to further increase the efficiency of the EZ Park Meters, decreasing meter downtime and improving their performance.



EZ Park Meter Customers who need assistance can now reach a live person 24 hours a day. A live Help Desk Operator is now available to answer questions after hours and can dispatch a technician immediately to a malfunctioning EZ Park Meter. This toll free phone number is printed on each meter decal. This helps customers feel less frustrated and helps get meters operational more quickly.

The maintenance of the EZ Park Meters has improved in the last year, reducing the down-time of EZ Park Meters, which has led to more satisfied customers and better vehicle turnover.

The On-Street Team has been analyzing EZ Park meter use data to track utilization in order to place the meters where they are most needed. The mission of these parking meters is to help make on-street parking spaces available to shorter-term parkers who are looking to patronize businesses, visit friends or catch Baltimore's sights.



Bicycle Parking

By encouraging alternative forms of transportation, such as bicycling, the Parking Authority helps to reduce the demand for parking (of the 4-wheel variety). Park your bicycle for free in any of five PABC garages or use one of the 50 bike racks created by converting old single space meter poles (available because of the expansion of the EZ Park meter program) into bicycle parking with special toppers provided by the Department of Transportation.

PABC Garages with Bicycle Parking:

Baltimore Street Garage

15 Guilford Avenue

Fleet & Eden Garage

501 Eden Street

Marriott Garage

405 W. Lombard Street

Penn Station Garage

1511 N. Charles Street

West Street Garage

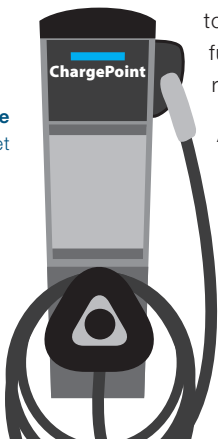
40 E. West Street



Electric Vehicle Re-Charging Stations to be Installed in PABC Garages

Thanks to a \$134,366 grant from the Maryland Energy Administration, owners of Electric Vehicles (EV's) will be able to park in one of eight Parking Authority garages and recharge their cars' batteries beginning in early 2011. Each re-charging station will serve two vehicles, charging a typical vehicle in about four hours. These re-charging stations will give commuters, who are considering purchasing an EV, the peace of mind that they can re-charge their vehicle while they are at work, shopping or having fun in Baltimore. The charging stations will be located in the following garages:

- Arena Garage**
99 S. Howard Street
- Baltimore Street Garage**
15 Guilford Avenue
- Caroline Street Garage**
805 S. Caroline Street
- Lexington Street Garage**
510 E. Lexington Street
- Little Italy Garage**
400 S. Central Avenue
- Penn Station Garage**
1511 N. Charles Street
- Redwood Garage**
11 S. Eutaw Street
- West Street Garage**
40 E. West Street



Garage Improvements

After an extensive and thorough structural survey of each of the City's 16 parking garages, the recommended action items to repair and maintain each garage are being implemented this year. Some minor repairs will be conducted immediately, while other more substantial improvements are planned over the next 20 years. With a recommended schedule of maintenance covering the life of each garage, the Parking Authority is protecting these extremely valuable City-owned parking assets. Other cities have let their parking structures fall into disrepair and have lost partial or complete use of these facilities, costing those cities millions of dollars in lost revenues, and creating parking shortages. The cost of building new parking garages averages \$25,000 or more per parking space. By repairing and maintaining the City's garages, the City of Baltimore is not only providing parking solutions for residents and businesses for future generations, but it is helping to prevent having



to spend more on expensive repairs or rebuilding parking structures in the future. It also protects the revenues these structures bring to the City, which reduces the burden on taxpayers.

Another improvement customers will see in PABC garages in 2011 will be brighter, more energy efficient lighting solutions. Through a partnership with the City of Baltimore's Energy Office, the Parking Authority will be replacing existing light fixtures with new energy efficient fluorescent and LED lighting solutions. These new lighting fixtures will reduce energy use by 48% and will save the City \$3 Million over the next 8 years. Best of all, the lighting in the garages will be improved through this project. Lighting levels will be increased, making the garages even safer and easier to use.



Charm City Circulator

Getting around Baltimore just got a little easier. Hop on one of the sleek, quiet EcoSaver IV electric buses and enjoy a free ride around Baltimore's core neighborhoods. The Orange Line will take you to Harbor East, the Inner Harbor, the Baltimore Arena, University of Maryland and Hollins Market. A quick transfer at the Inner Harbor to the Purple Line will take you to Federal Hill, Mt. Vernon or Penn Station. Once operating, the Green Line will take you to Fells Point, Washington Hill, Johns Hopkins Hospital and City Hall.

With plenty of parking garages within one or two blocks of each stop, you can park once and visit multiple sights, venues, businesses or clients without having to move the car. Several Parking Authority garages are just a few steps from a Charm City Circulator stop, including:

Garage	Address	CCC Line	Stop #	Stop Name	Stop Location
Little Italy	400 S. Central Avenue	Orange	225	Bank Street	S. Central Avenue & Bank Street
Arena	99 S. Howard Street	Orange	205	Howard Street	W. Lombard Street & S. Howard Street
Penn Station	1511 N. Charles Street	Purple	310	Penn Station Northbound	1545 N. Charles Street
Penn Station	1511 N. Charles Street	Purple	311	Penn Station Southbound	1600 St. Paul Street
St. Paul	210 St. Paul Place	Purple	317	Saratoga Street	St. Paul Street & E. Saratoga Street
West Street	40 E. West Street	Purple	325	West Street	S. Charles Street & E. West Street

The Charm City Circulator is free for everyone. With the support of the Parking Authority, the City made this service a permanent part of Baltimore's landscape.



financials

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Independent Auditors' Report

To the Board of Directors of Baltimore City Parking Authority, Inc.

We have audited the accompanying financial statements of the governmental activities and fund information of the Baltimore City Parking Authority, Inc. (Authority) as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the accompanying 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 audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the Authority as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion, analysis and budgetary comparison information on Pages 12 through 15 and 20 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 required supplementary information. However, we did not audit the information and express no opinion on it.

Ellin & Tucker, Chartered

ELLIN & TUCKER, CHARTERED
Certified Public Accountants
Baltimore, Maryland
November 22, 2010

Management's Discussion and Analysis

Overview of the Financial Statements

The Authority's basic financial statements consist of the Governmental Fund Balance Sheet/Statement of Net Assets and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. Notes to Financial Statements follow the presentation of the basic financial statements. The report also contains other required supplementary information, primarily a Budgetary Comparison Schedule.

The Governmental Fund Balance Sheet/Statement of Net Assets is presented in reconciliation format and shows the difference between the assets and liabilities of the Authority as reported using the current financial resources measurement focus and the modified accrual basis of accounting (Balance Sheet) and assets and liabilities as reported using the total economic resources measurement focus and the accrual basis of accounting (Statement of Net Assets). For the Authority, the difference related primarily to capital assets which are reflected as assets on the Statement of Net Assets but are excluded from general fund assets.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities is also presented in reconciliation format and shows the differences between revenues and expenditures as reported using the current financial resources measurement focus and the modified accrual basis of accounting (Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance) and revenues and expenses as reported using the total economic resources measurement focus and the accrual basis of accounting (Statement of Activities). The primary differences relate to the treatment of capital asset purchases. For governmental fund accounting purposes, all cash payments for capital asset acquisitions are reflected as expenditures and deducted from revenues in calculating the net fund activity for the year. Under accounting principles generally accepted in the United States of America, capital asset acquisitions are not reflected in the Statement of Activities as a deduction from revenues but are reflected as increases to assets or reductions of liabilities.

Generally, fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources segregated by specific activities or objectives. The Authority's financial activity is classified into one fund—the general fund. The general fund accounts for capital asset acquisitions as expenditures when acquired, rather than as capital assets as a result of the use of the current financial resources measurement focus in accordance with generally accepted accounting principles.

The Notes to the Financial Statements provide additional information needed for a full understanding of the basic financial statements.

Required supplementary information consists of a comparison of actual financial activity to budgeted amounts to demonstrate compliance with the budget.

Analysis of Net Assets and Changes in Net Assets

The following is a comparison summary of the Authority's net assets and changes in net assets for the years ended June 30, 2010 and 2009.

	2010	2009
Assets:		
Current and Other Assets	\$ 514,976	\$ 340,421
Capital Assets	<u>121,490</u>	<u>170,162</u>
Total Assets	<u>\$ 636,466</u>	<u>\$ 510,583</u>
Liabilities:		
Current Liabilities	<u>\$ 415,031</u>	<u>\$ 318,291</u>
Net Assets:		
Invested in Capital Assets	\$ 121,490	\$ 170,162
Unrestricted	<u>99,945</u>	<u>22,130</u>
Total Net Assets	<u>\$ 221,435</u>	<u>\$ 192,292</u>
Changes in Net Assets:		
Program Revenues:		
Baltimore City Grant	\$ 3,620,350	\$ 3,480,382
Other	<u>2,568</u>	<u>3,005</u>
Total Revenues	<u>3,622,918</u>	<u>3,483,387</u>
Expenses:		
Salaries and Benefits	1,819,169	1,802,503
Professional Fees	564,201	524,899
Bank and Armored Car Fees	741,963	582,252
Rent and Utilities	122,400	105,909
Depreciation	53,272	52,234
Maintenance and Supplies	86,302	110,534
Other Operating Expenses	<u>206,468</u>	<u>231,525</u>
Total Expenses	<u>3,593,775</u>	<u>3,409,856</u>
Increase in Net Assets	29,143	73,531
Net Assets – Beginning of Year	<u>192,292</u>	<u>118,761</u>
Net Assets – End of Year	<u>\$ 221,435</u>	<u>\$ 192,292</u>

For the year ended June 30, 2010, the Authority received substantially all of its funding from an annual grant from the City of Baltimore. The purpose of the grant was to finance the administration of the City's parking operations through the Authority and cover all of the Authority's personnel costs, capital asset requirements, and other operating costs. The grant for the year ended June 30, 2010 was \$3,620,350, including an additional appropriation of \$450,000 to reimburse the Authority for additional meter program and administrative expenses. Operating expenses for the year ended June 30, 2010 totaled \$3,593,775 resulting in an increase in net assets of approximately \$29,000. Total operating expenses increased approximately \$184,000 during the year ended June 30, 2010 as compared to the year ended June 30, 2009. The increase was due primarily to higher bank and armored car service fees. The bank and armored car service fees related to the increase in collection of revenue and credit card fees from the Multi-Space Meter Program due to an increase in meter usage and additional meters installed.

During the year ended June 30, 2010, the Authority purchased computer equipment of approximately \$4,600. At June 30, 2010, the Authority had liabilities totaling \$415,031. These liabilities are expected to be funded through existing cash balances.

Budget Analysis

The Budgetary Comparison Schedule for the fiscal year ended June 30, 2010 (2010) is presented on Page 20. The most significant budget variations included salaries and benefits, consultants, other services, and maintenance and supplies.

Salaries and benefits, which include base salaries, benefits, and health insurance costs, were approximately \$42,000 less than expected. The 2010 budget did not include a reduction to salaries and benefits expenses for mandatory furlough days.

Consultant fees were approximately \$44,000 more than expected due to additional multi-space meter warranty costs due to the increase in meter usage and additional meters installed.

Other services were \$50,770 less than expected as the Authority budgeted for additional meter maintenance and repairs which costs were covered by another entity.

Maintenance and supplies were \$30,898 less than expected as the Authority decided to postpone a purchase order for supplies until the fiscal year ending June 30, 2011.

The most significant variance between the original and final budget were consultants and bank and armored car service fees. During the fiscal year ended June 30, 2010, the Authority installed additional meters in excess of the original budgeted amounts.

Fiscal Year Ending June 30, 2011

The budget for the fiscal year ending June 30, 2011 (2011) has been submitted to the Baltimore City Board of Estimates in the amount of \$3,956,250, which represents a increase in the funding level compared to the fiscal year ended June 30, 2010 of approximately \$130,000. The total grant appropriation includes \$2,220,350 for the base administrative grant, \$950,000 for the base meter administrative grant, and \$205,900 for the valet administration program. The Authority has also been granted supplemental funding for the meter program in the amount of \$580,000. The increase in the funding for the meter program will be used toward several purposes; the most significant of which are increases in salaries and benefits to support two new positions, expansion of the EZ Park multi-space meter program, and software installation.

The increase in salaries and benefits will support meter manager and administrative assistant positions expected to help the Authority manage the continued growth of the EZ Park multi-space meter program.

During 2011, the Authority anticipates it will enter into the next phase of the expansion of the EZ Park multi-space meter program, including installation of over 100 additional meters throughout the City. Once this phase of the program is completed, there will be over 800 multi-space meters in operation. Over the next several years, the Authority anticipates the installation of approximately 400 additional new multi-space meters.

The Authority anticipates the completion of an accounting software upgrade during 2011. The software is expected to help the Authority manage both the administrative and operations more efficiently and better serve the citizens of the City of Baltimore. In addition, the Authority plans to convert the multi-space meter credit card processing to real-time by June 30, 2011. The increase in funding will support the cost to convert the process, provide a customer service help desk, and cover the additional costs relating to extended warranties on the multi-space meters.

The Authority acknowledges valet parking is vital to the City's residents and businesses. The City has seen significant growth in the availability of valet parking in recent years; however, this growth has caused concerns for the residents and businesses of the City. The Valet Regulation Program will regulate valet parking services to address these concerns. The program will require valet parking operators to obtain a license, establish certain standards of operations, and regulate compliance with these standards.

The management team of the Authority is committed to introducing new technology and other methods to increase revenues for the City and providing outstanding customer service to all City patrons.

Governmental Fund Balance Sheet/Statement of Net Assets

June 30, 2010

	General Fund	Adjustments (Note 4)	Statement of Net Assets
Assets:			
Cash and Cash Equivalents	\$ 514,976	\$ -	\$ 514,976
Capital Assets, Net (Note 2)	<u>-</u>	<u>121,490</u>	<u>121,490</u>
Total Assets	<u>\$ 514,976</u>	<u>\$ 121,490</u>	<u>\$ 636,466</u>
Liabilities:			
Accounts Payable	\$ 220,816	\$ -	\$ 220,816
Accrued Expenses	<u>194,215</u>	<u>-</u>	<u>194,215</u>
Total Liabilities	<u>415,031</u>	<u>-</u>	<u>415,031</u>
Commitments (Note 3)			
Fund Balances:			
General Fund Balance	<u>99,945</u>	<u>(99,945)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 514,976</u>		
Net Assets:			
Invested in Capital Assets		121,490	121,490
Unrestricted		<u>99,945</u>	<u>99,945</u>
Total Net Assets		<u>221,435</u>	<u>221,435</u>
Total Liabilities and Net Assets		<u>\$ 121,490</u>	<u>\$ 636,466</u>

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

For the Year Ended June 30, 2010

	General Fund	Adjustments (Note 4)	Statement of Activities
Expenditures/Expenses:			
Administration of Parking Facilities	\$ 3,540,503	\$ -	\$ 3,540,503
Capital Outlay/Depreciation	<u>4,600</u>	<u>48,672</u>	<u>53,272</u>
Total Expenditures/Expenses	<u>3,545,103</u>	<u>48,672</u>	<u>3,593,775</u>
Program Revenue:			
Grant Revenue - Baltimore City	3,620,350	-	3,620,350
Other Income	<u>2,568</u>	<u>-</u>	<u>2,568</u>
Total Revenue	<u>3,622,918</u>	<u>-</u>	<u>3,622,918</u>
Excess (Deficit) of Revenue over Expenditures	77,815	<u>(77,815)</u>	-
Change In Net Assets	-	<u>\$ 29,143</u>	29,143
Fund Balance/Net Assets - Beginning Of Year	<u>22,130</u>		<u>192,292</u>
Fund Balance/Net Assets - End Of Year	<u>\$ 99,945</u>		<u>\$ 221,435</u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Baltimore City Parking Authority, Inc. (Authority) was created in 2000 by Baltimore City Ordinance 2000-71. The Authority's purpose is to assist Baltimore City (City) in the planning, development, management, and administration of its parking assets. The Authority does not own any parking facilities or other real property. The Authority's main source of revenue is a grant from the City rather than parking receipts. The grant is intended to fund all operating expenses of the Authority.

The Board of Directors of the Authority consists of five members, four of which are appointed by the Mayor of Baltimore City and confirmed by the City Council, and one who is a member of the City Council appointed by the City Council President.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's main source of revenue is a single grant from the City; therefore, all assets, liabilities, revenues, and expenses/expenditures are accounted for in a governmental fund.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain other obligations, are recorded only when payment is due.

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Amounts reported as program revenues primarily include the operating grant from the City.

The Authority follows Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" (GASB 34) and GASB Statement No. 38, "Certain Financial Statement Note Disclosures" (GASB 38). GASB 34 requires that net assets be classified as restricted, unrestricted, or invested in capital assets and requires presentation of a Management's Discussion and Analysis section to introduce the basic financial statements. GASB 34 and GASB 38 require certain expanded footnote disclosures.

Budgetary Information

The annual budget of the Authority is subject to approval by the City's Board of Estimates. The budget serves as the basis for determining the grant from the City. Budgetary data is presented as required supplementary information for the general fund. The budget is adopted on a basis consistent with generally accepted accounting principles for the governmental fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent Events

The Authority has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 22, 2010, the date the financial statements were available to be issued.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Authority maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits.

At June 30, 2010, the Authority's carrying value of cash and cash equivalents was \$514,976, and the bank balance was \$558,045. The difference between the carrying value and the bank balance is due to outstanding checks at June 30, 2010. Of the bank balance, \$250,000 was covered by Federal Depository Insurance (Risk Category 1), and the balance of \$308,045 was unsecured (Risk Category 3).

Bank deposits are categorized to give an indication of the level of risk assumed by the Authority for such deposits. Risk Category 1 includes deposits that are insured or collateralized with securities held by the Authority or its agents in the name of the Authority. Risk Category 2 includes deposits collateralized with securities held by the pledging institutions' trust department or agent in the name of the Authority. Risk Category 3 includes deposits that are not collateralized. Category 1 deposits have the least risk to the Authority.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives, which range from 3 to 10 years, of the assets. It is the Authority's policy to capitalize property and equipment over \$500. Lesser amounts are expensed.

Compensated Absences

The Authority accrues a liability for compensated absences which consists primarily of accumulated vacation leave. The liability includes those amounts expected to be paid upon termination of employment or through paid leave time.

2. Capital Assets

Capital assets of the Authority are as follows:

	Beginning of Year	Additions	Retirements	End of Year
Capital Assets:				
Computer Equipment	\$ 326,235	\$ 4,600	\$ 403	\$ 330,432
Office Equipment	64,805	-	-	64,805
Furniture and Fixtures	75,594	-	-	75,594
Leasehold Improvements	<u>33,754</u>	<u>-</u>	<u>-</u>	<u>33,754</u>
	<u>500,388</u>	<u>4,600</u>	<u>403</u>	<u>504,585</u>
Less: Accumulated Depreciation:				
Computer Equipment	227,366	42,171	403	269,134
Office Equipment	51,765	2,083	-	53,848
Furniture and Fixtures	25,833	7,559	-	33,392
Leasehold Improvements	<u>25,262</u>	<u>1,459</u>	<u>-</u>	<u>26,721</u>
	<u>330,226</u>	<u>53,272</u>	<u>403</u>	<u>383,095</u>
Net Capital Assets	\$ 170,162	\$ (48,672)	\$ -	\$ 121,490

3. Commitments

The Authority leases office space from the City under a lease which expires in January 2011. The Authority leases office equipment under lease agreements which expire through April 2014. Rent expense recorded for the year ended June 30, 2010 was \$96,532.

Future minimum lease payments under operating leases are as follows:

Year Ending June 30,	2011	\$ 64,908
	2012	7,487
	2013	4,722
	2014	2,289

4. Explanation of Certain Differences Between Governmental Funds Financial Statements and GAAP Financial Statements

Statement of Net Assets and Governmental Fund Balance Sheet

The fund balance of the general fund differs from net assets reported in the Statement of Net Assets. The difference results primarily from the treatment of capital assets. When capital assets are used in governmental activities, the costs of the assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those assets among the assets of the Authority.

Statement of Activities and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance

As noted above, outlays for capital assets to be used in governmental activities are reported as expenditures in the general fund; however, those expenditures are reported as assets, not expenses, in the Statement of Activities.

Required Supplementary Information: Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Revenue:				
Grant - Baltimore City	\$ 3,376,500	\$ 3,826,300	\$ 3,620,350	\$ (205,950)
Other	-	-	2,568	2,568
Total Revenue	<u>\$ 3,376,500</u>	<u>\$ 3,826,300</u>	<u>\$ 3,622,918</u>	<u>\$ (203,382)</u>
Expenditures:				
Salaries and Benefits	\$ 1,861,400	\$ 1,861,400	\$ 1,819,169	\$ 42,231
Telephones/Utilities/Internet	27,000	27,000	25,868	1,132
Vehicles/Travel	17,800	17,000	16,811	189
Business Machine Rental	5,000	10,000	10,875	(875)
Consultants	289,000	485,600	529,236	(43,636)
Legal	37,700	19,100	15,531	3,569
Printing and Copying	22,600	22,600	23,580	(980)
Bank and Armored Car Service Fees	394,200	765,600	741,963	23,637
Computer Maintenance	30,000	25,000	19,434	5,566
Other Services	243,400	204,000	153,230	50,770
Maintenance and Supplies	166,200	117,200	86,302	30,898
Equipment Acquisitions	19,000	6,600	4,600	2,000
Rent	103,800	96,500	96,532	(32)
Advertising	5,000	800	1,150	(350)
Dues/Subscriptions/Training	4,500	2,100	822	1,278
Total Expenditures	<u>\$ 3,226,600</u>	<u>\$ 3,660,500</u>	<u>3,545,103</u>	<u>\$ 115,397</u>
Reconciliation of Budgetary Expenditures to Expenses Reported Under GAAP:				
Depreciation Expense (Net of Disposals) Not Included in Budget			53,272	
Capital Asset Acquisitions Included in Expenses			<u>(4,600)</u>	
Total Expenses			<u>\$3,593,775</u>	

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PARKING
OF BALTIMORE CITY
AUTHORITY

200 W. LOMBARD STREET / BALTIMORE, MD 21201
PHONE: (443) 573-2800 / FAX: (410) 685-1557
www.ci.baltimore.md.us/government/parking