

**CITY OF YORK GENERAL AUTHORITY**  
**(A Component Unit of the City of York, Pennsylvania)**

**ANNUAL FINANCIAL REPORT**

*Years Ended December 31, 2010 and 2009*

**CITY OF YORK GENERAL AUTHORITY**  
**(A COMPONENT UNIT OF THE CITY OF YORK, PENNSYLVANIA)**

YEARS ENDED DECEMBER 31, 2010 AND 2009

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## Independent Auditors' Report

To the Members of the Board  
City of York General Authority  
York, Pennsylvania

We have audited the accompanying basic financial statements of the City of York General Authority (a component unit of the City of York, Pennsylvania) as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the City of York General 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 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 City of York General Authority as of December 31, 2010 and 2009, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Maillie Falconiero & Company LLP*

Oaks, Pennsylvania  
November 4, 2011

# CITY OF YORK GENERAL AUTHORITY

(A Component Unit of the City of York, Pennsylvania)

## STATEMENTS OF NET ASSETS

DECEMBER 31, 2010 AND 2009

	2010	2009
<hr/> <b>Assets</b> <hr/>		
Cash and cash equivalents	\$ 99,253	\$ 123,419
Cash and cash equivalents - restricted under trust indentures	1,891,941	2,192,381
Accrued interest receivable	5,708	5,708
Accounts receivable	3,470	904
Capital assets, net of accumulated depreciation of \$7,038,013 for 2010 and \$6,744,785 for 2009	7,148,312	5,312,722
Deferred financing costs, net of accumulated amortization of \$493,352 for 2010 and \$454,044 for 2009	28,948	68,256
	<hr/>	<hr/>
<b>Total Assets</b>	<b>9,177,632</b>	<b>7,703,390</b>
<hr/> <b>Liabilities</b> <hr/>		
Due to the City of York	72,653	68,344
Accounts payable	308,327	310,789
Accrued interest payable	57,841	30,312
Funds collected in advance	361,120	384,800
Arbitrage rebate liability	18,937	18,937
Notes payable:		
Due within one year	785,383	715,023
Due in more than one year	4,660,417	3,311,177
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>6,264,678</b>	<b>4,839,382</b>
<hr/> <b>Net Assets</b> <hr/>		
Invested in capital assets, net of related debt	2,587,740	2,174,597
Unrestricted	325,214	689,411
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>\$ 2,912,954</b>	<b>\$ 2,864,008</b>

See accompanying notes to basic financial statements.

# CITY OF YORK GENERAL AUTHORITY

(A Component Unit of the City of York, Pennsylvania)

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>Operating Revenues:</b>		
<u>Parking fees</u>	<u>\$ 1,726,078</u>	<u>\$ 1,909,340</u>
<b>Operating Expenses:</b>		
System expenses	860,334	859,569
City of York administrative fee	141,000	141,000
Administration	105,333	119,430
Depreciation	<u>293,228</u>	<u>303,421</u>
Total operating expenses	<u>1,399,895</u>	<u>1,423,420</u>
<b>Operating Income</b>	<u>326,183</u>	<u>485,920</u>
<b>Non-Operating Revenues (Expenses):</b>		
Interest income	830	937
Interest expense	(238,759)	(125,376)
Miscellaneous income	-	20,520
Amortization of bond issuance costs and discount	<u>(39,308)</u>	<u>(39,311)</u>
Total non-operating revenues (expenses)	<u>(277,237)</u>	<u>(143,230)</u>
<b>Change in Net Assets</b>	48,946	342,690
<b>Net Assets:</b>		
<u>Beginning of year</u>	<u>2,864,008</u>	<u>2,521,318</u>
End of year	<u>\$ 2,912,954</u>	<u>\$ 2,864,008</u>

See accompanying notes to basic financial statements.

# CITY OF YORK GENERAL AUTHORITY

(A Component Unit of the City of York, Pennsylvania)

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
<b>Cash Flows From Operating Activities:</b>		
Cash received from customers	\$ 1,699,832	\$ 1,884,756
Cash paid to suppliers and City of York	(1,389,988)	(1,433,281)
Net cash provided by operating activities	309,844	451,475
<b>Cash Flows From Investing Activities:</b>		
Interest received	830	1,062
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Proceeds from issuance of note	2,134,623	2,493,756
Principal paid on note payable	(715,023)	(683,709)
Interest paid	(211,230)	(107,020)
Capital asset additions	(1,843,650)	(2,531,597)
Miscellaneous income	-	20,520
Net cash used in capital and related financing activities	(635,280)	(808,050)
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(324,606)</b>	<b>(355,513)</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	2,315,800	2,671,313
End of year	<b>\$ 1,991,194</b>	<b>\$ 2,315,800</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 326,183	\$ 485,920
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	293,228	303,421
Changes in assets and liabilities:		
Accounts receivable	(2,566)	(904)
Funds collected in advance	(23,680)	(23,680)
Due to the City of York	4,309	(228,809)
Accounts payable	(287,630)	(84,473)
Total adjustments	(16,339)	(34,445)
Net cash provided by operating activities	<b>\$ 309,844</b>	<b>\$ 451,475</b>
<b>Non-Cash Capital and Related Financing Activities:</b>		
Capital assets included in accounts payable	<b>\$ 285,168</b>	<b>\$ 285,915</b>

See accompanying notes to basic financial statements.

# **CITY OF YORK GENERAL AUTHORITY**

(A Component Unit of the City of York, Pennsylvania)

## **NOTES TO BASIC FINANCIAL STATEMENTS**

YEARS ENDED DECEMBER 31, 2010 AND 2009

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *Purpose*

The City of York General Authority (Authority) was incorporated on January 1, 1995, under the provisions of the Municipality Authorities Act of 1945, as amended, for all the purposes authorized by the Act and shall have and exercise all powers granted to such authorities under the Act. Through December 31, 2010, its operations have been primarily to operate and maintain a municipal parking system and issue conduit debt.

#### *Reporting Entity*

The Authority is a component unit of the City of York (City) reporting entity. Criteria considered in making this determination include appointment of the Authority's Board, financial interdependence, and the Authority's potential to provide specific financial benefits to, or impose specific financial burdens on, the City.

#### *Basis of Accounting*

The accounting records of the Authority are maintained on the accrual basis and its operations are accounted for as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenue of the Authority is parking fee income. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# **CITY OF YORK GENERAL AUTHORITY**

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

YEARS ENDED DECEMBER 31, 2010 AND 2009

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

### ***Nonrecourse Debt Issues***

The Authority participates in several bond issues for which it has no liability. Acting solely in an agent capacity, the Authority serves as a tax-exempt financing conduit, bringing the ultimate borrower and the ultimate lender together. Although the Authority is a party to the trust indentures with the trustees, the agreements are structured such that there is no recourse against the Authority in the case of default. As such, the corresponding debt is not reported in the Authority’s statement of net assets, but is disclosed in Note 5.

### ***Cash and Cash Equivalents***

For the purposes of the statement of cash flows, the Authority considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

### ***Restricted Assets***

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable trust indentures or other agreements.

### ***Capital Assets***

Capital assets are carried at cost or at estimated fair value, if donated. Depreciation has been provided using the straight-line method over the expected economic useful life of the assets (5 to 20 years). When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. The cost of maintenance and repairs is expensed as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments. Donated fixed assets are valued at their estimated fair market value on the date received. Capital assets are defined by the Authority as assets with an initial, individual or aggregate cost of more than \$5,000 and an estimated useful life in excess of two years.

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**CITY OF YORK GENERAL AUTHORITY**  
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NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

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*Deferred Financing Costs*

Financing costs are deferred and are being amortized over the life of the Series of 1998, Parking Revenue Note and the Series of 2008, Promissory Note, using a straight-line method. In the statement of net assets, the unamortized financing costs are reported as a deferred charge (asset).

*Funds Collected in Advance*

Funds collected in advance represent funds collected from several municipalities for future period parking fees. Revenue is earned in the period in which services are provided.

*Net Assets*

Net assets comprise the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net assets are classified in the following components: invested in capital assets, net of related debt 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 that is attributable to the acquisition, construction, and improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Unrestricted consists of all other net assets not included in the above category.

*Restricted Resources*

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

*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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# CITY OF YORK GENERAL AUTHORITY

(A Component Unit of the City of York, Pennsylvania)

## NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

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### *Risk Management*

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority purchases commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

## 2. DEPOSITS AND INVESTMENTS

The deposit and investment policy of the Authority adheres to state statutes, prudent business practices, and the applicable trust indentures. The Authority deposits cash in local financial institutions.

### Deposits

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2010, the Authority's book balance was \$165,819 and the bank balance was \$142,544. The full bank balance amount was covered by federal depository insurance.

### Investments

At December 31, 2010, the fair value of the Authority's investment in money market funds was \$1,825,375.

*Credit risk* – The Authority does not have a formal policy that would limit its investment choices with regard to credit risk. At December 31, 2010, the money market funds were rated AAA by Standard & Poor's.

*Interest rate risk* – The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority's money market funds had a weighted average maturity of less than one year.

# CITY OF YORK GENERAL AUTHORITY

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## NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

### 3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Capital assets, not being depreciated				
Construction in progress	<u>\$ 3,027,300</u>	<u>\$ 2,128,818</u>	<u>\$ -</u>	<u>\$ 5,156,118</u>
Total capital assets, not being depreciated	<u>3,027,300</u>	<u>2,128,818</u>	<u>-</u>	<u>5,156,118</u>
Capital assets, being depreciated:				
Buildings and improvements	9,030,207	-	-	9,030,207
Less accumulated depreciation	<u>(6,744,785)</u>	<u>(293,228)</u>	<u>-</u>	<u>(7,038,013)</u>
Total capital assets, being depreciated, net	<u>2,285,422</u>	<u>(293,228)</u>	<u>-</u>	<u>1,992,194</u>
Capital assets, net	<u>\$ 5,312,722</u>	<u>\$ 1,835,590</u>	<u>\$ -</u>	<u>\$ 7,148,312</u>

Capital asset activity for the year ended December 31, 2009 was as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Capital assets, not being depreciated				
Construction in progress	<u>\$ 209,788</u>	<u>\$ 2,817,512</u>	<u>\$ -</u>	<u>\$ 3,027,300</u>
Total capital assets, not being depreciated	<u>209,788</u>	<u>2,817,512</u>	<u>-</u>	<u>3,027,300</u>
Capital assets, being depreciated:				
Buildings and improvements	9,030,207	-	-	9,030,207
Less accumulated depreciation	<u>(6,441,364)</u>	<u>(303,421)</u>	<u>-</u>	<u>(6,744,785)</u>
Total capital assets, being depreciated, net	<u>2,588,843</u>	<u>(303,421)</u>	<u>-</u>	<u>2,285,422</u>
Capital assets, net	<u>\$ 2,798,631</u>	<u>\$ 2,514,091</u>	<u>\$ -</u>	<u>\$ 5,312,722</u>

# CITY OF YORK GENERAL AUTHORITY

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## NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

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### 4. NOTES PAYABLE

#### *Series of 1998, Parking Revenue Note*

At December 31, 2010, the Series of 1998, Parking Revenue Note had an outstanding balance of \$785,383. Principal and interest payments are due on May 15 and November 15 until November 15, 2011. The interest rate is 4.38%. The notes are secured by the receipts and revenues of the parking system and are due in full to the City of York, Pennsylvania.

#### *Series of 2008 Promissory Note*

In 2008, the Authority issued the Series of 2008 Promissory Note in the amount of \$5,000,000, the proceeds of which were to be used to finance the renovation to the Market Street Garage, along with improvements to the Authority's other assets. The loan is interest-only for three years during the draw-down period, followed by seventeen years of amortization, maturing December 23, 2028. Quarterly payment of interest-only is due during the draw-down period. Upon amortization, quarterly interest and semi-annual principal will be required. At December 31, 2010, the Authority had drawn-down \$4,660,417 on the Series of 2008 Promissory Note.

Interest is payable at an initial rate of 4.65% per annum until December 15, 2015. Thereafter, the rate changes to 75% of the Bank's prime rate as in effect from time to time, but in no event less than 2.75% or above 12% per annum, and may adjust as often as daily, provided that the Authority may elect to pay interest at a fixed rate offered by the Bank for such additional term or terms as the Authority and the Bank may agree.

Notes payable activity for the year ended December 31, 2010 was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Current Portion</u>
Notes payable	\$ 4,026,200	\$ 2,134,624	\$ (715,024)	\$ 5,445,800	\$ 785,383

Notes payable activity for the year ended December 31, 2009 was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Current Portion</u>
Notes payable	\$ 2,216,153	\$ 2,493,756	\$ (683,709)	\$ 4,026,200	\$ 715,023

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# CITY OF YORK GENERAL AUTHORITY

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## NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

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Debt service requirements to maturity for subsequent years are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 785,383	\$ 34,397
2012	184,316	212,814
2013	193,072	204,058
2014	202,244	194,887
2015	211,851	185,279
2016-2020	1,220,120	765,532
2021-2025	1,538,794	446,857
2026-2028	<u>1,110,020</u>	<u>81,370</u>
	<u>\$ 5,445,800</u>	<u>\$ 2,125,194</u>

### 5. NONRECOURSE DEBT ISSUES

As discussed in Note 1, several nonrecourse debt issues were outstanding at December 31, 2010, as follows:

The Series 1996, Adjustable Rate Pooled Financing Revenue Bonds, was issued in the amount of \$200,000,000 to establish a loan program to provide funds to municipal borrowers. As of December 31, 2010 and 2009, three loans have been originated under this program for \$121,900,000. As of December 31, 2010, the amount outstanding on these loans was \$81,075,000.

During 2002, the Authority issued Series of 2002, Variable Rate Demand Revenue Bonds, in the amount of \$8,000,000. Concurrently, the Authority entered into a loan agreement whereby the Authority lent the proceeds of the sale of the bonds to the Strand-Capitol Performing Arts Center, Inc. and Strand-Capitol Foundation for the purpose of acquisition, construction, and installation of a facility located at 38 through 50 North George Street. In 2009, the Board of Directors of the Strand Capitol Performing Arts Center, Inc. approved a resolution for redemption of \$600,000 of the outstanding Bonds. As of December 31, 2010, the total amount outstanding on these Bonds amounted to \$5,170,000.

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# CITY OF YORK GENERAL AUTHORITY

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## NOTES TO BASIC FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

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In March of 2003, the Authority entered into an agreement with a borrower, under the Authority's 1996 Pool, in which the borrower's interest payments under this loan were swapped from a current fixed rate, as defined in the original loan agreement, to a variable rate set weekly. In March of 2007, an additional agreement was entered into, allowing the interest rate of the existing bond to become fixed without canceling the 2003 swap. This agreement dated March of 2007, was terminated in 2009.

On May 1, 2001, the Authority issued Guaranteed Revenue Bonds Series 2001 in the amount of \$7,305,000 and entered into a loan agreement whereby the Authority will lend the proceeds of the sale of the bonds to the York Recreation Corporation for the purpose of building and operating a new twin-surface ice sports facility and to convert the existing ice rink into a multi-purpose recreation facility. In connection therewith, the City guaranteed the timely payment of the principal and interest on the bonds. The guaranty was a general obligation of the City, secured by the City's full faith and credit and taxing power.

During 2003, the York Recreation Corporation defaulted on their debt service requirements. Effective November 2003, the City has assumed operations of the facility and, accordingly, the City is required to fund future payments of this obligation. The amount outstanding as of December 31, 2010 on the Guaranteed Revenue Bonds Series 2001 was \$5,175,000.

### **6. MANAGEMENT AGREEMENT WITH THE CITY OF YORK**

The Authority entered into a management agreement with the City to operate the Authority's Parking System. The agreement continues indefinitely; however, the Authority can terminate the agreement with a thirty-day cancellation notice. The agreement requires that the Mayor prepare an operating expenses budget for adoption by the City Council, with final approval by the Authority and the inclusion of such budgeted operating expenses in the Authority's annual budget. During 2010 and 2009, the Authority remitted a total of \$1,001,334 and \$1,000,569, respectively, to the City under this agreement. Of this amount, \$141,000 and \$141,000, respectively, for the years ended December 31, 2010 and 2009, were administrative fees to the City and the remaining \$860,334 and \$859,569, respectively, were to pay other expenses of the Authority. At December 31, 2010 and 2009, the Authority recorded a due to City of York of \$72,653 and \$68,344, respectively, for the remainder of expenses due under the management agreement, and reimbursements for capital expenditures that the City paid on behalf of the Authority.

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**CITY OF YORK GENERAL AUTHORITY**  
**(A Component Unit of the City of York, Pennsylvania)**

**NOTES TO BASIC FINANCIAL STATEMENTS**

YEARS ENDED DECEMBER 31, 2010 AND 2009

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**7. COMMITMENTS**

On March 15, 2007, the Authority declared its intention to contribute funds to the Downtown Collaborative Initiative. The Authority agreed to contribute funds in the amount of \$35,000 per annum for a period of three years, payable quarterly. Three quarterly payments of \$8,750 were paid during 2009, and the fourth quarterly payment of \$8,750 was included in accounts payable at December 31, 2009. Three quarterly payments of \$8,750 were paid during 2010, and the fourth quarterly payment of \$8,750 was included in accounts payable at December 31, 2010.

During October 2007, the Authority's Board of Directors adopted a resolution to contribute \$500,000 to the Northwest Triangle Initiative, one of the City's economic development projects, which is being significantly funded through a Redevelopment Assistance Capital Program Grant (RACP) to the City of York Redevelopment Authority (RDA). Under the RACP application, \$500,000 of local match is for the acquisition, design, related soft costs, and/or construction of parking related controls and/or facilities within the Northwest Triangle. The Authority, in its sole discretion, will determine monthly rental rates and special event parking fees and will be responsible for staffing and maintenance of the digital meters and/or lot(s) or other parking facilities after title is conveyed to it; and the Authority and the RDA agree that the \$500,000 contribution may also be in the way of repairs, renovations, or expansions of existing Authority-owned facilities, or improvements to or replacement of such facilities. This contribution is contingent on the continuation of the Northwest Triangle Initiative. As of December 31, 2010 and 2009, the Authority had expended approximately \$93,535 and \$40,500, respectively, towards the Northwest Triangle Initiative.

Beginning in February 2009, the Authority entered into contracts with construction contractors totaling \$4,265,653 for the rehabilitation of the Market Street Parking Garage. At December 31, 2010, the final payment under these contracts in the amount of \$106,485 was included in accounts payable.

During 2010, the Authority entered into contracts with construction contractors totaling \$485,235 for the rehabilitation of the Philadelphia Street Parking Garage. At December 31, 2010, \$83,749 was included in accounts payable. The remaining commitment on these contracts at December 31, 2010 was \$53,182.

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**8. ARBITRAGE REBATE LIABILITY**

In connection with a potential arbitrage rebate liability associated with the Authority's 1996 Series Pool Bonds, the Authority has accrued the amount of \$18,937. Although the final anticipated arbitrage rebate liability is not likely to be less than this amount, it is uncertain whether any additional liability will be imposed and, accordingly, no additional amount has been accrued.