

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH
Pittsburgh, Pennsylvania

Report on Audit of Financial Statements

For the Year Ended March 31, 2010

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

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March 31, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Members of Board of the
Stadium Authority of the City of Pittsburgh
Pittsburgh, Pennsylvania

We have audited the accompanying statement of net assets of the Stadium Authority of the City of Pittsburgh (Authority) as of March 31, 2010 and the related statements of revenues, expenses, changes in net assets, and cash flows for the year then ended. 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 and guidelines 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.

Information for the year ended March 31, 2009, is presented for comparative purposes only and was extracted from the financial statements for that year, which we audited. Our report dated July 16, 2009, expressed an unqualified opinion on those statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

July 12, 2010

McGee Maruca & Associates, P.C.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Statement of Net Assets

March 31,

Assets

	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 1,636,740	\$ 1,900,535
Receivable – Allegheny Regional Asset District funding	0	105,000
Other receivable	213,670	224,716
Interest receivable	3,510	13,703
Prepaid insurance	8,815	12,973
Note receivable – current portion	<u>250,000</u>	<u>250,000</u>
Total current assets	<u>2,112,735</u>	<u>2,506,927</u>
Fixed assets:		
Building	27,178,523	27,009,205
HOV improvements	2,241,369	2,241,369
Less: accumulated depreciation	<u>(2,702,672)</u>	<u>(1,967,175)</u>
Net fixed assets	<u>26,717,220</u>	<u>27,283,399</u>
Restricted assets:		
Development fund	2,410,223	2,457,082
Loan collateral	2,517,308	2,517,308
Insurance escrow	41,041	45,301
Replacement reserve	125,816	179,055
Reserve/loans escrow	<u>266,486</u>	<u>272,514</u>
Total restricted assets	<u>5,360,874</u>	<u>5,471,260</u>
Notes receivable, less current portion	<u>1,401,745</u>	<u>1,651,745</u>
Total assets	<u>\$35,592,574</u>	<u>\$36,913,331</u>

See the accompanying notes to the financial statements.

Liabilities

	<u>2010</u>	<u>2009</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 281,271	\$ 122,291
Accrued interest payable	126,918	25,000
Current portion of long-term debt	241,386	426,559
Current portion of long-term payable to the City of Pittsburgh	<u>0</u>	<u>2,425,000</u>
Total current liabilities	649,575	2,998,850
 Long-term loans payable	 20,353,430	 20,342,847
 Grants from the City of Pittsburgh	 <u>22,775,168</u>	 <u>22,775,168</u>
 Total liabilities	 <u>43,778,173</u>	 <u>46,116,865</u>
 Net assets:		
Invested in capital assets, net of related debt	6,122,403	4,088,994
Restricted for capital activity and debt service	4,453,181	5,003,944
Unrestricted	<u>(18,761,183)</u>	<u>(18,296,472)</u>
Total net assets	<u>(8,185,599)</u>	<u>(9,203,534)</u>
 Total liabilities and net assets	 <u>\$35,592,574</u>	 <u>\$36,913,331</u>

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Statements of Revenues, Expenses and Changes in Net Assets

For the Years Ended March 31,

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Parking	\$ 4,087,948	\$ 3,737,576
Other	(13,632)	21,214
Interest	<u>39,136</u>	<u>98,207</u>
Total operating revenues	<u>4,113,452</u>	<u>3,856,997</u>
Operating expenses:		
Salary reimbursement	47,566	47,566
Administrative	94,208	207,730
Operations and development	1,395,033	1,387,990
Insurance	57,603	53,589
Interest	1,640,510	1,852,961
Trustee and financing related fees	41,218	15,008
Amortization and depreciation	<u>735,497</u>	<u>731,264</u>
Total operating expenses	<u>4,011,636</u>	<u>4,296,108</u>
Operating profit (loss)	<u>101,817</u>	<u>(439,111)</u>
Non-operating revenues (expenses):		
Easement Revenue	0	5,764
Interest income on SEA loan	5,647	45,026
Capital transferred to the Sports and Exhibition Authority	(1,527,861)	(1,290,583)
Other Income	29,813	1,905
Development fund expense	(121,481)	(497,452)
Gain on Sale of Land	0	2,700,539
Allegheny Regional Asset District Grant	<u>2,530,000</u>	<u>2,535,000</u>
Total non-operating revenues, net	<u>916,118</u>	<u>3,500,199</u>
Change in net assets	1,017,935	3,061,088
Net assets beginning of year	(9,203,534)	(12,264,622)
Net assets end of year	<u>\$(8,185,599)</u>	<u>\$(9,203,534)</u>

See accompanying notes to the financial statements.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Statement of Cash Flows

For the Years Ended March 31,

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Parking	\$4,087,948	\$3,737,576
Other	(2,586)	(1,977)
Interest	<u>49,329</u>	<u>86,406</u>
Total receipts	4,134,691	3,822,005
Salaries	(47,566)	(47,566)
Administrative	(94,208)	(207,730)
Operations and development	(1,236,053)	(1,474,227)
Insurance	(53,445)	(58,466)
Trustee and bond related fees	<u>(41,218)</u>	<u>(15,008)</u>
Total cash provided by operating activities	<u>2,662,201</u>	<u>2,019,008</u>
Cash flows from noncapital financing activities:		
Grants from the Allegheny Regional Asset District	<u>2,635,000</u>	<u>2,635,000</u>
Total cash provided by non-capital activities	<u>2,635,000</u>	<u>2,635,000</u>
Cash flows from capital and related financing activities:		
Principal payments of long-term debt	(2,599,590)	(2,619,677)
Payments to SEA	(1,527,861)	(1,290,583)
Interest paid on long-term debt	<u>(1,538,592)</u>	<u>(1,862,128)</u>
Net cash provided in capital and related financing activities	<u>(5,666,043)</u>	<u>(5,772,388)</u>
Cash flows from investment activities:		
(Deposits) withdrawals to development funds	46,859	514,124
Purchase of fixed assets	(169,318)	0
(Deposits) withdrawals to insurance escrow	4,260	3,327
(Deposits) withdrawals to replacement reserve	53,239	(63,529)
Deposit loan collateral	0	(2,517,308)
Sale of land	0	2,700,539
Other	163,979	(288,521)
(Deposits) withdrawals to reserve loans	<u>6,028</u>	<u>621,948</u>
Net cash used in investment activities	<u>105,047</u>	<u>970,580</u>
Net increase (decrease) in cash and cash equivalents	(263,795)	(147,800)
Cash and cash equivalents at beginning of year	<u>1,900,535</u>	<u>2,048,335</u>
Cash and cash equivalents at end of year	<u>\$1,636,740</u>	<u>\$1,900,535</u>

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Statement of Cash Flows, continued

For the Years Ended March 31,

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Operating profit (loss)	\$ 101,817	\$(439,111)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Amortization/depreciation	735,497	731,264
Interest on debt	1,640,510	1,852,961
Changes in operating assets and liabilities:		
Other receivables	11,046	(23,191)
Accounts payable and accrued expenses	158,980	(86,242)
Prepaid insurance	4,158	(4,872)
Interest receivable	<u>10,193</u>	<u>(11,801)</u>
Total cash provided by operating activities	<u>\$2,662,201</u>	<u>\$2,019,008</u>

See accompanying notes to the financial statements.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Notes to the Financial Statements

March 31, 2010

(1) **Organization**

The Stadium Authority of the City of Pittsburgh (Authority) was organized on July 1, 1965 to provide increased commerce and prosperity, and to promote educational, cultural, physical, civic, social and moral welfare to the general public.

The Authority was responsible for the management of Three Rivers Stadium (Stadium) located in the City of Pittsburgh. The Stadium was home to the Pittsburgh Pirates (Pirates) and Pittsburgh Steelers (Steelers) professional sports teams and was also utilized for various concerts and other events until it was razed in February 2001. Subsequent to the razing of the Stadium, the Authority is responsible for the development of the land between the newly constructed stadium and ballpark. (See Note 5.) A portion of that land was conveyed to the Sports & Exhibition Authority (SEA) for construction of infrastructure. The remaining land was retained by the Authority to be developed according to a master development plan. The Authority has entered into an option agreement dated September 23, 2003 (the "Option Agreement") with a joint venture of the Steelers and Pirates (North Shore Developers, L.P.) for the development of a portion of that land. The Authority has constructed a public parking garage on a portion of that land. Pending development the remaining land is used for surface parking.

The Authority is reported as a discretely presented component unit in the City financial statements. The Authority's component unit status is due to the City's appointment of Authority Board members. The board of directors (Board) of the Authority is appointed by the Mayor of the City. The Board is responsible for all the activities and operations of the Authority.

(2) **Summary of Significant Accounting Policies**

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America applicable to governmental units and promulgated by the Governmental Accounting Standards Board (GASB). The Authority follows all GASB pronouncements and Financial Accounting Standards Board (FASB) authoritative guidance issued on or before November 30, 1989, except those that conflict with GASB pronouncements. In accordance with GASB Statement No. 20, the Authority does not apply FASB pronouncements issued after November 30, 1989. The Authority is considered a special purpose government engaged in business-type activities, and as such, presents the financial statements required for enterprise funds. A summary of the Authority's more significant accounting policies applied by management in the preparation of the accompanying financial statements follows:

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Notes to the Financial Statements, continued

March 31, 2010

(2) Summary of Significant Accounting Policies, continued

(a) Basis of Preparation

The accompanying financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when an obligation has been incurred. The financial statement format and presentation reflects the Authority's role as an enterprise fund. The statements are maintained in accordance with generally accepted accounting principles and practices for government authorities.

GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*," requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- Restricted – This component of net assets consists of constraints placed on net assets used through external restrictions.
- Unrestricted – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(b) Management Estimates

The presentation 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

The Authority considers all investments acquired with an original maturity of 120 days or less to be cash equivalents.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Notes to the Financial Statements, continued

March 31, 2010

(2) Summary of Significant Accounting Policies, continued

(d) Restricted Assets

Restricted assets consist of certain receivables created as a result of agreements between the Authority and a third party that operates the Stadium parking areas.

Restricted assets also include the portion of the Development Funds from net parking revenue deposits which can only be used for certain eligible expenses as outlined in the Option Agreement.

The restricted assets also include \$433,340 of escrow reserves relating to the ERECT and SIF loans. Additionally, \$2,517,308 is held as loan collateral.

(3) Cash and Cash Equivalents

The Authority's policy is to maintain all cash deposits in qualified public depositories and is authorized to invest in securities of the United States government, other instruments that are collateralized by United States government securities, repurchase agreements subject to certain restrictions and other debt instruments set forth by the office of the State Treasurer of the Commonwealth of Pennsylvania. These types of investments are held by the purchasing bank in the Authority's name. The Authority's investment activities are governed by the Commonwealth of Pennsylvania, bond covenants, and trust agreements, where applicable.

The following is a summary of the fair value of the Authority's cash and cash equivalents at March 31:

	2010	2009
Unrestricted cash and cash equivalents:		
Cash	\$ 368,156	\$ 358,421
Money market funds	163,940	57,363
Certificate of deposit	<u>1,104,644</u>	<u>1,484,752</u>
	<u>\$1,636,740</u>	<u>\$1,900,535</u>
Restricted cash and cash equivalents:		
Cash		
Money market funds	\$ 433,344	\$ 496,870
Certificate of deposit	<u>2,517,308</u>	<u>2,517,308</u>
	<u>\$2,950,652</u>	<u>\$3,014,178</u>

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Notes to the Financial Statements, continued

March 31, 2010

(3) **Cash and Cash Equivalents, continued**

Interest Rate Risk – Although the Authority does not have a formal investment policy, it limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All Authority investments have short term maturities.

Credit Risk – The Authority is subject to credit risk on investments. The maximum amount of loss the Authority would incur, if any, if the parties failed to perform on their obligation is limited to the amount recorded in the financial statements. The Authority does not hold any type of collateral on these investments.

Concentration of Credit Risk – The Authority places no limit on the amount that may be invested in any one issuer. Currently the Authority maintains its cash and cash equivalent balances at four banks. Deposits that exceed \$100,000 constitute federally uninsured amounts. At March 31, 2010, \$300,000 of the Authority's cash and cash equivalent deposits were insured under federal insurance programs, with the balance of the cash and cash equivalents uninsured and uncollateralized. Credit risk is low however, as a majority of the uninsured and uncollateralized balance is in either a bank money market product that invests in government backed securities or a certificate of deposit.

(4) **Land**

The Authority's balance sheet does not include any value for land as it was conveyed to the Authority by the Urban Redevelopment Authority of Pittsburgh (the "URA"). Under generally accepted accounting principles the Authority would report this land at its cost basis. The Authority's original cost basis of this land is \$0. Pursuant to the Option Agreement the Authority is developing the land by selling parcels. There is approximately 400,000 square feet of land being developed, which was originally divided into 12 parcels. Per the Option Agreement the agreed sale price per square foot ranges from \$8 to \$15, for a total approximate agreed sales price value of \$4 million. The Authority had sold one parcel for approximately \$500,000 during fiscal year 2004, a second and third parcel for a combined total of \$455,000 during fiscal year 2005 and a fourth parcel (plus certain additional land) for a total price of approximately \$1.2 million during fiscal year 2009. In 2009 adjustments to the parcels were made resulting in the number of parcels being decreased from 12 to 11. The agreed sales price value of the remaining land is approximately \$2.3 million. Additionally in 2009 Parcel 6, which was not part of the original Option Agreement, was sold for approximately \$1.4 million. No parcels were sold in 2010.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Notes to the Financial Statements, continued

March 31, 2010

(5) **Development Fund**

In connection with the development of the land between Heinz Field and PNC Park (Option Area) the Authority has entered into the Option Agreement. In accordance with the Option Agreement, the Authority deposits certain parking revenues in team development funds maintained by the SEA. Pursuant to the Option Agreement, these funds are transferred to the teams as development occurs. For the current year ended, \$373,194 was deposited to the team development funds.

In accordance with the Agreement Regarding Parking Revenues, section 2, (see Note 10), the Authority also deposits certain parking revenues in the Authority development fund also maintained by the SEA. Pursuant to the Agreement Regarding Parking Revenues those funds are used for garages and other development costs.

The carrying value of the Authority's Development Fund is the same as their fair market value amount.

(6) **Building**

Property and equipment is recorded at cost. Repair and maintenance costs which do not increase the useful lives of the assets are charged to operations as incurred. Depreciation is computed on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
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Depreciation expense for the year ended March 31, 2010 was \$735,497.

(7) **Long-Term Debt**

On December 18, 1985, an irrevocable trust was established to defease the previously issued Stadium Authority 1971 Series A and 1982 Series B Bonds. Neither the trust, which has sufficient amounts on deposits to retire the Series A and B Bonds, nor the obligation is included in the Authority's balance sheet. The amount of these outstanding defeased bonds at March 31, 2010 and 2009 is \$4,680,000 and \$6,795,000, respectively. The irrevocable trust was funded from the net proceeds of the Guaranteed Stadium Refunding Bonds, Series 1985 (Series 1985 Bonds), which were issued December 18, 1985 in the principal amount of \$32,405,000.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Notes to the Financial Statements, continued

March 31, 2010

(7) **Long-Term Debt, continued**

Long-term debt consists of the following loans at March 31, 2010:

In 2005 the ERECT Fund ^(a), Strategic Investment Fund ^(b) and the Infrastructure Development Fund ^(c) loaned the Authority a total of \$21,450,000 to fund the construction of the West General Robinson Street Garage. In September 2010 the Authority amended the terms of the ERECT and SIF loans, deferring principal from October 1, 2009 through September 1, 2010.

(a) Employee Real Estate Construction Fund (ERECT) \$16,164,377

The ERECT loan for \$16,700,000 has a 25 year amortization and a 10 year term. Principal was due on the loan beginning August 2007; interest is payable at a rate of 7.5% until July 1, 2010, at which time the rate changes to 7%.

(b) Strategic Investment Fund (SIF) 3,180,439

The SIF loan for \$3,500,000 has a 15-year amortization and a 10-year term. Principal was due on the loan beginning August 2007; interest is payable at a rate of 6.5%.

(c) Infrastructure Development Program (IDP) 1,250,000

The IDP Loan was received as a lump sum \$1,250,000 loan on August 22, 2005. It has a term of 20 years with a 2% interest rate. Interest payments are made semi-annually on June 1 and December 1 beginning in 2009. The first principal payment will be December 1, 2011 and annually thereafter. The last payment will be December 1, 2028.

Total 20,594,816

Less current portion (241,386)
\$20,353,430

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Notes to the Financial Statements, continued

March 31, 2010

(7) **Long-Term Debt, continued**

Scheduled maturities and principal payments on the three loans for the next five years are as follows:

3/31/2011	\$ 241,386
3/31/2012	589,254
3/31/2013	625,450
3/31/2014	663,676
3/31/2015 and thereafter	<u>18,475,050</u>
	<u>\$20,594,816</u>

(8) **Grants from the City of Pittsburgh**

Under the terms of an agreement dated July 1, 1965, and amended on various dates through June 17, 1992, the City made total grants of \$22,775,168 to the Authority to cover the excess of the aggregate costs of operations and maintenance of the Stadium and debt service on the Stadium bonds over the total funds available to the Authority for those purposes, to be repaid if funds are available. The City does not include the \$22,775,168 in grants as a receivable on its audited financial statements, due to the unlikelihood of collection.

(9) **Related Party**

On January 15, 2001, the SEA issued the "Sports & Exhibition Authority of Pittsburgh and Allegheny County Parking Revenue Bonds, Series of 2001" (the Parking Bonds). In connection with the issuance by the SEA of the Parking Bonds, the Authority entered into a security agreement (the Agreement Regarding Parking Revenues) with the SEA, the Trustee for the Parking Bonds, Parking, the Steelers and the Pirates. In the security agreement the Authority pledged a portion of its revenues from certain parking lots to help secure the Parking Bonds. In April, 2010 the SEA refinanced the Parking Revenue Bonds along with a Dollar/PNC Bank loan in the form of a new bank note. The Authority entered into a new Collateral Assignment of Parking Revenue agreement with the SEA that pledges certain revenues from Lot 1 and Lots 7A through 7J to help secure the 2010 loan.

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Notes to the Financial Statements, continued

March 31, 2010

(9) **Related Party, continued**

In October 2002, the Authority entered into an agreement to loan the SEA up to \$4,000,000, of which only \$2,400,000 was drawn. Interest accrues on the note at 2.5% and is payable in semi-annual installments on January 15 and July 15. Annual principal payments began on January 15, 2004 and range from \$215,000 to \$270,000 ending on January 15, 2013. The Authority credits the SEA for all unpledged parking and license agreement revenue earned with respect to the lots between Heinz Field and PNC Park up to \$1,542,014. On December 16, 2009 the Stadium Authority Board increased the amount of eligible credits to \$2,192,000. The Authority recorded credits of approximately \$264,217 and \$156,240 to the SEA during the years ended March 31, 2010 and 2009, respectively, which reduced the note receivable. The outstanding balance at March 31, 2010 is \$451,745 and the full amount of eligible credits (\$2,192,000) has been used.

On May 12, 2005, the Authority agreed to lend \$1,200,000 to the SEA for capital cash flow purposes of the Convention Center. The monies will be repaid to the Stadium Authority when the SEA receives Act 71 funding for reimbursement of \$10 million expended for costs incurred to date related to the Convention Center hotel. Interest will be paid to the Stadium Authority at a rate equivalent to what its operating account would have earned over the term of the loan. The rate as of March 31, 2010 is .22%.

(10) **Leases**

On March 23, 1989, the Authority entered into an agreement with the Commonwealth of Pennsylvania (PennDOT) to lease certain property near Heinz Field and PNC Park to be used for public parking. The term of the lease was 21 years and is renewable for four additional 10-year periods. At the end of the first term (March 31, 2010) the Authority exercised its option to renew the lease for four (4) ten year terms, extending the lease to March 31, 2050. The Authority expensed \$54,700 related to this agreement for each of the years ended March 31, 2010 and 2009. The state has increased the rate for the first ten year renewal to \$70,080 per year.

Future minimum lease requirements for the Authority for PennDOT are as follows:

2011	\$ 70,080
2012	70,080
2013	<u>70,080</u>
	<u>\$210,240</u>

STADIUM AUTHORITY OF THE CITY OF PITTSBURGH

Notes to the Financial Statements, continued

March 31, 2010

(10) **Leases, continued**

The Authority entered into a lease agreement with ALCO Parking for certain parcels of land controlled by the Authority to be used for parking lots. The original lease term was a 40-year period, which began April 1, 1970. ALCO Parking has exercised its option to extend the term of the lease for four consecutive additional periods of 10 years each. The original lease contained provisions for fixed rental and additional rentals based on various factors as specified in the lease agreement. The Authority expensed \$34,000 and \$25,500 respectively for required routine maintenance for each of the years ended March 31, 2010 and 2009. Beginning April 1, 2010 with the first lease option extension, the provisions relating to the Residual Rental Lease (rather than Fixed Rental Lease) now apply such that ALCO Parking will now pay to the Authority an amount equal to the greater of (i) 50% of the Parking Residual Rent Income or (ii) 50% of the Residual Base Period Rent. Routine maintenance is no longer due starting April 1, 2010.

(11) **Conditional Receivable**

Pursuant to the Agreement Regarding Parking Revenues certain of the Authority's parking lot revenues are pledged for debt service on the SEA's financing of the North Shore Garage. \$8,378,105 of Authority funds were so used for the period April 2001 through March 31, 2010. These revenues are to be re-paid to the Authority in the event of "excess pledged revenue." The excess is to be distributed based upon which lot or garage the revenue is derived from and its priority. The Authority is the last priority in each case; therefore the repayment of subsidy to the Authority of \$8,378,105 is uncertain and not recorded on the balance sheet.

(12) **Investment in Capital Assets, Net of Related Debt**

Total net assets include an amount for investment in capital assets, net of related debt. The calculations for the years ending March 31, 2010, and 2009 are as follows:

Capital assets, net	\$26,717,220	\$27,283,399
Less: loans/notes payable related to capital assets	<u>20,594,817</u>	<u>23,194,405</u>
Invested in capital assets, net of related debt	<u>\$ 6,122,403</u>	<u>\$ 4,088,994</u>