



BALLSTON PUBLIC PARKING GARAGE FUND
(An Enterprise Fund of Arlington County, Virginia)

**SCHEDULES OF NET CASH FLOW AND MCI AREA'S NET
CASH FLOW AS DEFINED BY TIME SHARING AND LEASE AGREEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

BALLSTON PUBLIC PARKING GARAGE FUND
 (An Enterprise Fund of Arlington County, Virginia)

SCHEDULE OF NET CASH FLOW, AS DEFINED IN
 THE MORTGAGE NOTE AGREEMENT, GROUND LEASE,
 MCI PARKING LEASE AND TIME SHARING AGREEMENTS
 YEAR ENDED JUNE 30, 2017

Parking garage revenues	\$3,272,841
Operating expenses	<u>(4,222,538)</u>
Operating income	(949,697)
Non-operating expenses, net	<u>(1,970,478)</u>
Net loss	<u>(2,920,175)</u>
Adjustments to reconcile net loss to net cash flow:	
Depreciation and amortization included in operating expenses	660,671
Accrual to cash conversion, per agreements -- Changes in:	
Accounts receivable	-
Bond and mortgage interest payable	1,878,849
Accounts payable	940,830
Other accrued liabilities	<u>1,279,992</u>
Net adjustments	<u>4,760,342</u>
Net cash flow, as defined in mortgage note agreement	1,840,167
Adjustments as required by the ground lease agreement	
Parking lease and time sharing agreement:	
Deferred ground lease rental	(1,279,992)
Current and deferred principal and interest repayments on mortgage note	<u>-</u>
Net cash flow, as defined in the ground lease, MCI parking lease and time sharing agreements	<u>560,175</u>
Adjusted net cash flow	<u><u>\$560,175</u></u>

See accompanying notes to schedules

BALLSTON PUBLIC PARKING GARAGE FUND
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SCHEDULE OF MCI AREA'S NET CASH FLOW, AS DEFINED IN THE
TIME SHARING AGREEMENT
YEAR ENDED JUNE 30, 2017

Sales of monthly parking permits for MCI time sharing area	\$-
Allocation of 0.9% of allowable cash flow deductions	<u>(24,414) *</u>
Net cash flow(deficit), as defined In the MCI time sharing agreement	<u><u>(\$24,414)</u></u>

* Operating expenses	\$4,222,538
Non-operating expenses, net	1,970,478
Less: Net adjustments	(4,760,342)
Add: Deferred ground lease rental	1,279,992
Add: Deferred mortgage payment	-
	\$2,712,666
x 0.9%, as per time sharing agreement	<u>\$24,414</u>

See accompanying notes to schedules

BALLSTON PUBLIC PARKING GARAGE FUND
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SCHEDULE OF MCI AREA'S NET CASH FLOW, AS DEFINED IN THE
MCI PARKING LEASE AGREEMENT
YEAR ENDED JUNE 30, 2017

Sales of monthly parking permits for MCI lease area		\$-
Allocation of 4.1% of allowable cash flow deductions		<u>(111,219)</u>
Net cash flow(deficit), as defined in the MCI parking lease agreement		<u><u>(\$111,219)</u></u>
* Operating expenses	\$4,222,538	
Non-operating expenses	1,970,478	
Less: Net adjustments	(4,760,342)	
Add: Deferred ground lease rental	1,279,992	
Add: deferred mortgage payment	-	
	\$2,712,666	
x 4.1%, as per Parking Lease Agreement	<u>\$111,219</u>	

See accompanying notes to schedules

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**NOTES TO SCHEDULES OF NET CASH FLOW, MCI AREA'S NET
CASH FLOW AND MCI LEASE AREA'S NET CASH FLOW**
June 30, 2017

1. ORGANIZATION AND BASIS OF ACCOUNTING

In August 1984, Arlington County, Virginia, (the "County"), entered into various agreements to acquire the existing Ballston Public Parking Garage, to lease the adjacent land and to construct a new garage. The Ballston Public Parking Garage Fund (the "Garage Fund") was established to account for the acquisition, construction, and operations of the parking garage.

The Garage Fund is an enterprise fund of the County. The Garage opened for business and began operations on September 29, 1986.

The schedules of net cash flow, MCI area's net cash flow, as defined in the Time Sharing Agreement and MCI area's net cash flow, as defined in the MCI Parking Lease Agreement, have been prepared in accordance with various agreements dated August 1, 1984, including the Mortgage Note and Ground Lease Agreements between the County and the May Department Store Company, a New York corporation, and the Parking Lease and Time Sharing Agreement between the County and May Centers Inc. (now Center Mark Properties, Inc.), a Missouri corporation. In July 2005, May Department Stores was acquired by Federated Department Stores, Inc.

2. RESERVE ACCOUNT

As provided for under the various agreements, the County established an operating and maintenance reserve account ("O&M Reserve") effective June 30, 1987 to provide monies for capital improvements at the garage. As provided for under the renegotiable letter of credit agreements effective August 1, 1991, the County was required to place all revenues in excess of expenses and encumbrances into its O&M Reserve until the amount in the O&M Reserve equaled a minimum of \$2 million. The \$2 million threshold was met in fiscal year 2000. If the County requires the use of the O&M Reserve for garage capital expenses in excess of \$500,000, it may (with notice to the Letter of Credit Bank) use the O&M Reserve as long as the O&M Reserve is replaced within 3 years by garage revenues or general fund transfers.

The amount in the O&M Reserve at June 30, 2017 was \$2,000,297.

