



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, 2020
(WITH REPORT OF INDEPENDENT AUDITORS' THEREON)**

Report of Independent Auditor

To the Honorable Members of the County Board
MCI Lease
Arlington County, Virginia

We have audited the accompanying Ballston Public Parking Garage (“Parking Garage”) special purpose schedules (“Schedules”) of net cash flow, MCI area’s net cash flow, and mci lease area’s net cash flow for the year ending June 30, 2020, and the related notes to the Schedules.

Management’s Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of the Schedules in accordance with the basis of accounting described in Note 1; this includes determining that the basis of accounting is an acceptable basis for the preparation of the Schedules in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Schedules 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 Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedules referred to above present fairly, in all material respects, the net cash flow, MCI Area’s net cash flow, and MCI Lease Area’s net cash flow of the Parking Garage as of and for the year ended June 30, 2020, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the Schedules, which describes the basis of accounting. The Schedules are 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., which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Audited Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Ballston Public Parking Garage, as of and for the year ended June 30, 2020, and our report thereon dated November 6, 2020, expressed as an unmodified opinion on those financial statements.

Crissy Bekart LLP

Tysons Corner, Virginia
November 6, 2020

BALLSTON PUBLIC PARKING GARAGE FUND
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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, 2020

Parking garage revenues	\$3,185,177
Operating expenses	<u>(4,288,353)</u>
Operating loss	(1,103,176)
Non-operating expenses, net	<u>(2,384,047)</u>
Net loss	<u>(3,487,223)</u>
Adjustments to reconcile net loss to net cash flow:	
Depreciation and amortization included in operating expenses	815,259
Accrual to cash conversion, per agreements -- Changes in:	
Bond and mortgage interest payable	2,384,047
Accounts payable	(1,479,758)
Other accrued liabilities	1,279,992
Fixed asset purchases	(222,912)
Net adjustments	<u>2,776,628</u>
Net cash flow, as defined in mortgage note agreement	(710,595)
Adjustments as required by the ground lease agreement	
Parking lease and time sharing agreement:	
Deferred ground lease rental	<u>(1,279,992)</u>
Adjusted net cash flow (deficit), as defined in the ground lease, MCI	
Parking lease and time sharing agreements	<u>(1,990,587)</u>
Adjusted net cash flow	<u><u>(\$1,990,587)</u></u>

The notes to the financial statements are an integral part of this statement.

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, 2020

Sales of monthly parking permits for MCI time sharing area		\$-
Allocation of 0.9% of allowable cash flow deductions		<u>(46,582)</u>
Net cash flow(deficit), as defined In the MCI time sharing agreement		<u><u>(\$46,582)</u></u>
Operating expenses	\$4,288,353	
Non-operating expenses, net	2,384,047	
Less: Net adjustments	(2,776,628)	
Add: Deferred ground lease rental	1,279,992	
	<u>5,175,764</u>	
x 0.9%, as per time sharing agreement		<u><u>\$46,582</u></u>

The notes to the financial statements are an integral part of this statement.

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SCHEDULE OF MCI AREA'S NET CASH FLOW, AS DEFINED IN THE
MCI PARKING LEASE AGREEMENT
YEAR ENDED JUNE 30, 2020

Sales of monthly parking permits for MCI lease area	\$-
Allocation of 4.1% of allowable cash flow deductions	<u>(212,206)</u>
Net cash flow(deficit), as defined in the MCI parking lease agreement	<u><u>(\$212,206)</u></u>
Operating expenses	\$4,288,353
Non-operating expenses	2,384,047
Less: Net adjustments	(2,776,628)
Add: Deferred ground lease rental	1,279,992
	<u>5,175,764</u>
x 4.1%, as per Parking Lease Agreement	<u><u>\$212,206</u></u>

The notes to the financial statements are an integral part of this statement.

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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, 2020

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 (BPPG), 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 BPPG 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.