PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023

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PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Philadelphia Parking Authority
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Philadelphia Parking Authority ("the Authority"), a component unit of the City of Philadelphia, Pennsylvania as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Authority, as of March 31, 2024, and the respective changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements Audited by a Another Auditor

The financial statements of the Authority, as of and for the year ended March 31, 2023, were audited by another auditor whose report dated October 17, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Philadelphia Parking Authority

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A"), Schedule of Employer's Proportionate Share of the Net Pension Liability and Schedule of Employer Contributions for Pension Plan, Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios, and Schedule of Authority Contributions for Post-Employment Benefits Plan as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Statements of Net Position, Combining Statements of Revenues, Expenses and Changes in Net Position, Debt Service Coverage Schedule – Tax Exempt Bond of December 22, 2014, Series A and B, Reformatted Statements of Net Position, and Reformatted Statements of Revenues, Expenses and Changes in Net Position ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
December 10, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2024

The following management's discussion and analysis of the financial performance and activities of The Philadelphia Parking Authority (the "Authority") is presented to provide an introduction and understanding of the financial statements for the year ended March 31, 2024, as compared to the year ended March 31, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

BACKGROUND INFORMATION ON THE PHILADELPHIA PARKING AUTHORITY

The Philadelphia Parking Authority was created on January 11, 1950, by an Ordinance of Philadelphia City Council pursuant to an act of the General Assembly of the Commonwealth of Pennsylvania enacted in 1947. The legal life of the Authority extends through December 5, 2037. In 2001, the power to appoint members of the Authority's Board was shifted from the Mayor of Philadelphia to the Governor of Pennsylvania, with certain nominations from the Pennsylvania Legislature.

In 1950, the Authority's primary mission was to respond to the increasing demand for parking in the central business district of Philadelphia. In the early years of the Authority's operation its primary concentration was on the development and operation of off-street parking facilities. The City of Philadelphia's first parking garages were constructed in 1953, at 1845 Walnut Street, and 10th & Ludlow Streets was built in 1954.

In October 1974, the Authority entered into the first of a series of leases and contracts for parking services with the City of Philadelphia to construct and operate all on-site parking services at the Philadelphia International Airport (the "Airport"). Pursuant to those contracts, the Authority, on several occasions over the past 40 years, issued revenue bonds for the construction and renovation of the public parking facilities at the Airport. The Authority owned and managed facilities now have 18,940 spaces, including 11,883 garage spaces and 7,117 economy lot spaces. Pursuant to the current lease and contract for parking services, the Authority pays all net parking revenue to the City of Philadelphia, Division of Aviation (DOA).

On January 27, 2022, the City of Philadelphia, Division of Aviation defeased all debt held by the Bank of New York Mellon and PNC Bank to take full ownership of the assets at the Airport. The current agreement goes through June 30, 2024, that provides the Parking Authority to be the operator at the Airport facilities for a fixed fee of $250,000 per month then changes in July 2024 to $208,333 per month.

Net Parking Revenue Expense to the DOA is as follows:

Year Ended March 31, 2024	$68,621,830
Year Ended March 31, 2023	$65,129,137

The increase in payments to the Division of Aviation was due to the rebound of the economy and the aviation industry seeing an increase in enplanements due to the waning effects of the pandemic.

The Authority owns and/or operates nine facilities in Center City with approximately 5,357 spaces. Five are owned by the Authority, two are operated under leases with the City of Philadelphia, one is operated under a lease with the National Park Service (NPS), and one is operated under a management agreement with a private company. While Authority parking facilities represent only a small share of public parking in the city, they play an important role in stabilizing prices and encouraging an adequate supply of short-term parking for shoppers and other visitors. The Authority also manages roughly 42 various neighborhood parking lots that consists of 2,500 parking spaces under a Lease Agreement with the City of Philadelphia.

Expenses to the City under the lease agreements for both the City and NPS are as follows:

Year Ended	Expense to City	Expense to NPS
March 31, 2024	$68,621,830	$1,055,569
March 31, 2023	$65,129,137	$1,018,863

In 2015, the Authority closed on a $25 million loan to address structural and aesthetic issues in the Center City parking garages. The Authority has approximately $12.1 million of the loan proceeds remaining solely for the benefit of the 10th & Ludlow Garage.

In 1982, an Act of the General Assembly authorized the City of Philadelphia to assign responsibility for the management of on-street parking to the Authority. The City Council enacted an Ordinance the same year and the Authority entered into Agreements of Cooperation with the City to assume those functions. In 1983, functions previously performed by multiple City departments were transferred to the Authority including development and posting of parking regulations; installation, maintenance, and collection of parking meters; issuance of residential parking permits; issuance, processing and collection of parking tickets; towing and impoundment of illegally parked vehicles; and booting of scofflaw vehicles. Under the terms of the original Agreements, all net revenue was transferred to the City of Philadelphia. On February 10, 2004, the Governor signed Act 9 of 2004 ("Act 9") which codified most aspects of the most recent On-Street Agreements of Cooperation dated February 16, 1994, and extended the Agreement by those terms through March 31, 2014. Act 9 also established a formula by which net revenue from the On-Street Parking Program is split between the City of Philadelphia and the School District of Philadelphia. Act 84 of 2012 eliminated the expiration of the Agreement for On-Street Parking functions and established a new formula by which the net revenue is split between the City of Philadelphia and the School District of Philadelphia.

The formula for the distribution of On-Street Parking net revenue included in Act 84 established a threshold of $35 million to be paid to the City with the balance to be paid to the School District. The Act also requires an annual adjustment to the City's threshold based on the percent increase in gross revenue to the program. While the threshold may be increased based on an increase in gross revenue it can never be reduced even if revenue falls, or expenses increase. The threshold for the fiscal year ended March 31, 2024, is $35,000,000.

In fiscal year 2020, the Authority created an internal collection department to collect outstanding Red Light camera tickets and amounts due for unpaid tickets, fines and penalties. The collection department has the responsibility for managing both the internal process and third-party collectors. The Authority has saved a significant amount in collection costs and gained greater control over collection efforts and enhanced enforcement collections. The department continues to oversee an aggressive collections infrastructure that manages the cash cycles and three outside collection agencies to aid in the collection process.

The Authority implemented a Mobile Parking Payment System (MPPS) in September 2017, with Park Mobile to provide mobile payments. The initial roll out included Center City and University City and is now in place throughout the city. This product has proven very popular with the public. There have been nearly 750,000 payments monthly through this system representing almost 97% of the total parking payments. This system is still in place for fiscal year 2024 and is operating efficiently and increasing revenue.

The Authority has recently purchased 1,667 Pay by Plate (PBP) parking kiosks that are being deployed throughout the City to replace outdated equipment. All work on the kiosk installation has been completed during fiscal year ending March 2022. It is expected that the popularity of the MPPS, combined with the new technology will significantly enhance the parking experience within the City. Due to the increase of PBP transactions, the Authority chose to install one kiosk per block, that accepts coins and credit cards. The Authority is currently experiencing a 3% payment in coins and a 97% payment with credit cards.

The Authority's role in improving traffic safety expanded in fiscal year 2001, when the City's Managing Director requested the Authority be the exclusive towing and impoundment agent for the Live Stop Program, authorized by Act 93 of 1996 of the General Assembly. That program requires the impoundment of vehicles which are found to be unregistered or operated by an unlicensed driver during a police stop. Subsequent Acts of the Legislature codified the Authority's role as the towing and impoundment agent, established a surcharge on moving violations issued in the City of Philadelphia to support the program, and separated revenue generated by the program from those of the On-Street Parking operation. Currently, Live Stops are in a downward trend to as low of 10% of Live Stops in the past in fiscal year 2022. The numbers have also remained stagnant in the first quarter of fiscal year 2023. Vehicle stops by Philadelphia Police and State Police are down and most likely will not increase in the foreseeable future.

In addition, the Authority has responsibility for impounding unsafe trucks operating on the City's highways at the request of City police. On average, the Authority assists in the towing of twelve trucks per months, with our equipment or the use of a sub-contractor. Additionally, during fiscal year 2008, the Authority contracted with the Pennsylvania State Police to assist in the removal of abandoned and/or inoperable vehicles from the City's three interstate highways (I-95, I-76 and I-676).

In 2016, the General Assembly authorized the continuation of the pilot program of Red Light Photo Enforcement until June 15, 2027, through Senate Bill 1267. The legislation continued the Authority's status as the administrator of the program in cooperation with the City of Philadelphia and the Pennsylvania Department of Transportation. Similar to the Live Stop Program, the Red Light Enforcement Program is another tool for the Authority to address fundamental life safety issues in the City and is part of the City's Vision Zero initiative. This program saves lives and reduces property damage by assisting in reducing the number of Red Light related traffic accidents. Furthermore, through improved traffic safety, it can also be used to make a stronger case for further auto insurance rate reductions. To date, 146 cameras have been installed monitoring 34 intersections.

In 2018, the General Assembly authorized the PPA to be the administrator of a five-year pilot program for enforcement of speed violations on Roosevelt Boulevard. The PPA has installed thirty-two cameras at eight locations that were selected in coordination with the City. Under the law a fine will be imposed when a driver exceeds the speed limit by at least ten miles per hour.

The system went live on August 1, 2020, and will aid with traffic safety along the Route 1 corridor. Since the implementation of fines, the Authority has seen a drastic reduction in the unsafe behavior of the driving public. Violations issued for speeding have decreased by over 70% since the inception of the pilot program. As of March 31, 2022, we have 40 cameras installed covering 10 locations.

In keeping with the Authority's expanded mission to provide comprehensive parking and transportation services in the City of Philadelphia, regulatory responsibility for Philadelphia's taxicab and limousine industries was vested with the Authority pursuant to Act 94 of 2004. Act 164 of 2016 expanded the Authority's for-hire car service regulatory oversight to include companies such as Uber and Lyft, technically referred to as "transportation network services" ("TNCs").

The legalization of TNC services added an estimated 20,000 to 24,500 for-hire vehicles to both the Philadelphia market and the Authority's regulatory responsibility. However, adequate financial support for effective regulatory oversight was not included in Act 164. The law requires 1.4% of gross revenue to be paid of which two-thirds is paid directly to the School District of Philadelphia. Act 164 also effectively reduced the Authority's taxicab regulatory funding by 68% (or $2 million), as noted in the fiscal note to Act 164. These funding issues have caused a reduction to the Taxicab and Limousine Division staff of nearly 60%, jeopardizing the Authority's ability to carry out its legislative mandate to ensure safe, reliable for-hire transportation in the City. The Authority has proposed to members of the General Assembly that a $.20 per ride surcharge be imposed to pay regulatory costs. If enacted, the revenue generated would permit the Authority to fund the program at a level consistent with our mandate. The PPA also advocated for additional funding for the City of Philadelphia and the School District on a per trip fee basis.

More generally, significant reform measures initiated by the Board beginning in fiscal year 2018 continue to bear fruit. Payments to government entities receiving net revenue payments from the Authority's TNC program increased to $7.0 million for fiscal year 2024, a $1.0 million increase over fiscal year 2023. The Taxi and Limo Division continues to support our sole mission of support to the City and the movement of transportation as the economy within the city sees an uptick as COVID restrictions are completely lifted and TNC activity increases. Fiscal year 2024 brings increased revenue due to levels of staffing increased at the parking enforcement office level and new initiatives such as the Neighborhood Enforcement Unit. This specialized unit within the On Street division is bringing into focus, the challenges embraced by the City. It directly assists by removing reported nuisance vehicles and contributing to the mayor's vision of a safer city for all, and directly impacts the quality of life issues for the citizens of Philadelphia.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements are reported on the accrual basis of accounting. Income is recorded as earned and expenses are recorded as incurred. The operating revenues are categorized among On-Street Parking, Off-Street Parking and Other Programs. On-Street Parking revenue includes revenue collected from parking tickets, meters, towing fees, storage fees, certain permit registrations, vehicle auctions and booting fees. Off-Street Parking revenue includes both transient and monthly parking revenue and rental revenue. Other Program revenue consists of revenue collected from the Live Stop, Red Light Camera Program and the Taxi & Limousine Regulation Division. Operating expenses include (but are not limited to) salaries & fringe benefits, ticket processing, auto, insurance, postage, repairs and maintenance, rent, utilities and uniforms. Other income and expense include interest income, interest expense and administrative expense. These financial statements comply with generally accepted accounting principles ("GAAP") as established in the United States of America. The Authority's financial report includes three financial statements and notes thereto.

The ***Statement of Net Position*** presents information on the Authority's assets, deferred outflows, liabilities and deferred inflows. Assets are classified as either current assets (cash, investments and amounts expected to be received within one year) or non-current assets (restricted cash and investments, property and equipment); liabilities are classified as either current (expected to be paid within one year) or non-current (expected to be paid after March 31, 2024). The difference between the total assets and deferred outflows and the total liabilities and deferred inflows is reported as net position.

The ***Statement of Revenues, Expenses and Changes in Net Position*** presents revenues earned and expenses incurred for the current fiscal year. The difference between revenues and expenses results in an increase or decrease in net position. The ending balance of net position resulting from this increase or decrease is reflected in the Statement of Net Position.

The ***Statement of Cash Flows*** is presented under the direct method, which presents the actual inflow and outflow of cash by category during the fiscal year. The resulting ending cash balance is reflected in the Statement of Net Position.
The ***Statement of Fiduciary Net Position*** presents the Postretirement Health Insurance Plan's assets, liabilities and net position.

The ***Statement of Changes in Fiduciary Net Position*** presents the Postretirement Health Insurance Plan's additions and deductions for the current fiscal year. The difference between additions and deductions results in an increase or decrease in net position.

The ***Notes to the Financial Statements*** provide additional information essential to a full understanding of the data provided in the Authority's financial statements.

FINANCIAL ANALYSIS

The following table compares the condensed Statements of Net Position as of March 31, 2024, and 2023:

	2024	2023	Increase (Decrease)	% Increase (Decrease)
Current Assets	$151,108,485	$140,506,533	$10,601,952	7.55%
Restricted Cash and investments	52,392,460	58,005,489	(5,613,029)	-9.68%
Leases Receivable	8,563,442	8,851,011	(287,569)	-3.25%
Property Plant and Equipment, Net	140,268,522	146,387,310	(6,118,785)	-4.18%
Total Assets	352,332,909	353,750,343	$(1,417,431)	-0.40%
Deferred Outflows	39,520,845	39,451,966	68,879	0.17%
Current Liabilities	74,843,566	62,472,242	12,371,324	19.80%
Non-Current Liabilities	143,550,631	156,474,957	(12,924,326)	-8.26%
Total Liabilities	218,394,197	218,947,199	(553,002)	-0.25%
Deferred inflows	46,530,059	57,504,307	(10,974,248)	-19.08%
Net investment in capital assets	61,513,552	55,731,197	5,782,355	10.38%
Restricted	4,683,485	4,289,107	394,378	9.19%
Unrestricted	60,732,461	56,730,499	4,001,962	7.05%
Net Position	$126,929,498	$116,750,803	$10,178,698	8.72%

- Current assets increased over $10.6 million due to the increase of investments, accounts receivable year over year.
- Restricted cash decreased approximately $5.6 million principally due to the paydown of bonds and a US Treasury repayment.
- Property and equipment decreased a net amount of approximately $6.1 million due to the purchase of vehicles for the On Street operation and Support operations offset by depreciation.
- Deferred outflows increased approximately $.07 million primarily due to changes in GASB 68, GASB 75, GASB 87 and GASB 96 changes in the actuarial valuations of the net pension liability increasing year over year.
- As of March 31, 2024, the amount due to the City of Philadelphia is $2.9 million, $7.2 million due to the School District of Philadelphia and a payment of $5.6 million due to the Department of Aviation.
- Current liabilities increased approximately $12.4 million as a result of the increase of accrued liabilities and the payments of expenses attributable to fiscal year 2024, that would have been accrued.
- Non-current liabilities decreased approximately $12.9 million principally due to the reduction of bonds payable and a decrease in the net pension liability.

- Deferred inflows decreased approximately $11 million primarily due to decreases in the deferred amounts related to the Authority's pension liability which was adopted under GASB 68.
- Net position increased $10.2 million due to increased revenue year over year and minimal increase of expenses as they relate to the revenue increase.

The following table compares the amounts of the Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended March 31, 2024 and 2023:

	2024	**2023**	Increase (Decrease)	% Increase (Decrease)
OPERATING REVENUES	$332,237,468	$304,487,899	$27,749,569	9.11%
OPERATING EXPENSES				
Direct Operating Expenses	105,749,674	102,227,284	5,522,390	5.51%
Administrative Expenses	29,765,231	28,389,169	1,376,062	4.85%
Expense to the City of Philadelphia	116,547,269	108,330,171	8,217,098	7.59%
Expense to the School District of Philadelphia	7,174,560	7,881,061	(706,501)	-8.96%
Expense to the Penndot	50,938,299	32,662,260	18,276,039	55.95%
Expense to the National Park Service	1,055,569	1,018,863	36,706	3.60%
Expense to the Delaware River Port Authority	180,264	140,271	39,993	28.51%
Depreciation and Amortization expense	11,894,677	10,781,002	1,113,675	10.33%
Total Operating Expenses	323,305,543	289,430,081	33,875,462	11.70%
OPERATING INCOME	$8,931,925	$15,057,818	-$6,125,893	-40.68%
NONOPERATING REVENUES (EXPENSES)				
Investment (Loss) income	3,941,472	2,547,771	1,393,701	54.70%
Interest Expense	(2,694,702)	(2,610,191)	84,511	3.24%
Total Nonoperating Expenses, Net	1,246,770	(62,420)	1,309,190	-2097.39%
CHANGE IN NET POSITION	$10,178,695	$14,995,398	-$4,816,703	-32.12%
Net Position- Beginning of Year	116,750,803	101,755,405	14,995,398	14.74%
NET Position- END OF YEAR	$126,929,498	$116,750,803	$10,178,695	8.72%

- Operating revenues increased approximately $27.7 million from the prior fiscal year primarily due to the following factors:

    - Ticketing and meter revenue showed a marked increase of $5.6 million and a $1.8 million increase in the meter revenue.
    - Red Light revenue showed an increase of $10.1 million in fines year over year.
    - Revenue from the Economy lot increased by almost $5 million from fiscal year 2023.
    - TNC Assessments rose by over $886 thousand from fiscal year 2023.

    - Direct operating expenses increased approximately $5.5 million from the prior year based primarily on the increase in health and welfare payments and related health costs across the Authority.

    - Administrative expenses increased approximately $1.4 million primarily due to the support allocation increases primarily due to the increase in revenue and expense to support the expanded operations following the pandemic. The allocations flow through all the Parking Authority entities.

    - Expense to the City and School District increased by approximately $7.5 million from the prior fiscal year primarily due to the increase in revenue due to the return of people to the City of Philadelphia and a return to normal enforcement within the city.

    - Expense to the Pennsylvania Department of Transportation increased approximately $18.3 million due to the increase in the number of cameras installed throughout the City of Philadelphia.

The City and School District of Philadelphia receive payment from the Authority based upon the terms of the Agreement of Cooperation (as amended by Act 84) for the On-Street Parking operations based on the total revenue received from tickets, meters, towing, storage, booting, auctions and other related revenue less direct expenses, an allocation of support costs (excluding depreciation) and capital assets purchased during the fiscal year.

In addition to the net revenue payments from operations, the Authority collected and remitted to the City of Philadelphia $23.9 million for fiscal year 2024, and $22.6 million for fiscal year 2023, in Parking Privilege Tax.

The Authority also paid to the National Park Service (Department of the Interior) $1.05 million for fiscal year 2024, under its operating agreement for the parking garage at 2nd & Sansom.

Governmental Accounting Standards Board Statement No. 34 ("GASB 34") requires capital purchases to be recorded as assets in the financial statements. A reconciliation is necessary to determine the cash amount to be paid to the City/School District of Philadelphia, since the amount due to the City as recorded on the operating statement may be higher than the cash available, especially if there were capital assets purchased during the year.

The Philadelphia Division of Aviation ("DOA") receives the excess of revenues over expenses of the Authority's economy lot and parking garage facilities at the Philadelphia International Airport. After adjusting for depreciation expense and capital assets purchased, the total expense to the DOA for March 31, 2024, was $68.6 million.

Since the Disney Quest project at 8th & Chestnut Streets has not been completed, the debt service for its bond issue (1999A Indenture) usually exceeds the revenue generated from its present parking facility. The City of Philadelphia guarantees this bond issue. During fiscal year 2019, the 1999A indenture (i.e., the parking lot at 8th & Chestnut Streets) did operate at a deficit. Due to revenue on the option to sell the property the City was not required to cover debt service payments during fiscal year 2023. As of March 31, 2024, the City of Philadelphia has provided slightly over $13.1 million in funds in its role as guarantor of these bonds. The 1999A Indenture provides for the Authority to repay the City for any funds paid by the City as a result of its guarantee. The Authority would repay these funds if the facility becomes profitable or the property is sold.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Right to Know Officer, Philadelphia Parking Authority, 701 Market Street, Suite 5400, Philadelphia, Pennsylvania 19106.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF NET POSITION
MARCH 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	$ 39,243,424	$ 38,816,296
Investments	20,132,472	16,340,722
Accrued Interest Receivable	41,005	39,033
Accounts Receivable	91,223,794	84,582,610
Leases Receivable	287,569	321,307
Prepaid Expenses	180,221	406,565
Total Current Assets	151,108,485	140,506,533
Restricted Cash and Cash Equivalents	52,392,460	58,005,489
Noncurrent Assets		
Leases Receivable	8,563,442	8,851,011
Property and Equipment:		
Land	18,027,762	18,027,762
Construction-In-Progress	5,770,645	3,196,767
Parking Facilities and Improvements	69,782,653	69,782,653
Improvements, Equipment, and Furniture	63,366,644	60,934,529
Right-of-Use Asset	62,254,638	62,254,638
Subscription-Based Information Technology Arrangements	9,413,748	8,643,852
Less: Accumulated Depreciation	(88,347,568)	(76,452,891)
Total Property and Equipment	140,268,522	146,387,310
Total Noncurrent Assets	148,831,964	155,238,321
Total Assets	352,332,909	353,750,343
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension	26,638,129	25,814,512
Deferred Outflows for OPEB	12,882,716	13,637,454
Total Deferred Outflows of Resources	39,520,845	39,451,966
Total Assets and Deferred Outflows of Resources	$ 391,853,754	$ 393,202,309

See accompanying Notes to Financial Statements.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF NET POSITION (CONTINUED)
MARCH 31, 2024 AND 2023

	2024	2023
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 23,874,619	$ 22,332,625
Accrued Interest Payable	144,858	152,317
Leases Payable	1,607,190	1,603,868
Subscription Based Information Technology Arrangements Payable	2,423,788	2,123,129
Due to The City of Philadelphia	11,391,184	13,415,478
Due to The School District of Philadelphia	7,174,560	7,881,061
Due to The Pennsylvania Department of Transportation	24,795,424	11,581,820
Current Portion of Revenue Bonds	3,431,943	3,381,944
Total Current Liabilities	74,843,566	62,472,242
Revenue Bonds Payable	23,250,319	26,682,262
Leases Payable	57,453,296	59,060,487
Subscription Based Information Technology Arrangements Payable	2,577,579	4,469,423
Accrued Claims Payable	8,411,611	6,768,589
Net Other Postemployment Benefits (OPEB) Liability	20,867,052	18,193,573
Net Pension Liability	30,990,774	41,300,623
Total Long-Term Liabilities	143,550,631	156,474,957
Total Liabilities	218,394,197	218,947,199
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pension	31,264,594	44,177,009
Deferred Inflows for OPEB	6,588,539	4,229,923
Deferred Inflows for Leases	8,676,926	9,097,375
Total Deferred Inflows of Resources	46,530,059	57,504,307
Total Liabilities and Deferred Inflows of Resources	$ 264,924,256	$ 276,451,506
NET POSITION		
Net Investment in Capital Assets	$ 61,513,552	$ 55,731,197
Restricted	4,683,485	4,289,107
Unrestricted	60,732,461	56,730,499
Total Net Position	$ 126,929,498	$ 116,750,803

See accompanying Notes to Financial Statements.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED MARCH 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Charges for Services	$ 332,237,468	$ 304,487,899
OPERATING EXPENSES		
Direct Operating Expenses	105,749,674	100,227,284
Administrative Expenses	29,765,231	28,389,169
Expense to the City of Philadelphia	116,547,269	108,330,171
Expense to the School District of Philadelphia	7,174,560	7,881,061
Expense to the Pennsylvania Department of Transportation	50,938,299	32,662,260
Expense to the National Park Service	1,055,569	1,018,863
Expense to the Delaware River Port Authority	180,264	140,271
Depreciation and Amortization Expense	11,894,677	10,781,002
Total Operating Expenses	323,305,543	289,430,081
OPERATING INCOME	8,931,925	15,057,818
NONOPERATING REVENUES (EXPENSES)		
Investment (Loss) Income	3,941,472	2,547,771
Interest Expense	(2,694,702)	(2,610,191)
Total Nonoperating Expenses, Net	1,246,770	(62,420)
CHANGE IN NET POSITION	10,178,695	14,995,398
Net Position - Beginning of Year	116,750,803	101,755,405
NET POSITION - END OF YEAR	$ 126,929,498	$ 116,750,803

See accompanying Notes to Financial Statements.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Others	$ 325,594,312	$ 301,186,427
Salaries and Administrative Costs Paid to Employees	(105,916,367)	(97,425,243)
Payments to Suppliers for Services	(44,552,827)	(41,602,421)
Payments to the City of Philadelphia	(118,571,563)	(104,455,156)
Payments to the School District of Philadelphia	(7,881,061)	(7,683,587)
Payments to the Pennsylvania Department of Transportation	(37,724,695)	(30,052,289)
Payments to the National Park Service	(1,055,569)	(1,018,863)
Payments to the Delaware River Port Authority	(180,264)	(140,271)
Net Cash Provided by Operating Activities	9,711,966	18,808,597
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Property and Equipment, Net	(5,005,993)	(7,551,722)
Principal Paid on SBITAs Payable	(2,361,081)	(2,051,300)
Interest Paid on SBITAs Payable	(216,286)	(109,663)
Principal Paid on Leases Payable	(1,603,869)	(1,590,283)
Interest Paid on Leases Payable	(1,457,519)	(1,488,332)
Principal Paid on Revenue Bonds Payable	(3,381,944)	(3,336,942)
Interest Paid on Revenue Bonds Payable	(1,122,798)	(2,490,941)
Net Cash Used by Capital and Related Financing Activities	(15,149,490)	(18,619,183)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sale of Investments	(3,689,849)	10,450,604
Investment Income	3,941,472	2,527,982
Net Cash Provided by Investing Activities	251,623	12,978,586
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,185,901)	13,168,000
Cash and Cash Equivalents - Beginning of Year	96,821,785	83,653,785
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 91,635,884	$ 96,821,785

See accompanying Notes to Financial Statements.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED MARCH 31, 2024 AND 2023

	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	$ 8,931,925	$ 15,057,818
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	11,894,677	10,781,002
Change in Assets and Liabilities:		
Accounts Receivable	(6,643,156)	(3,226,529)
Leases Receivable	321,307	(9,172,318)
Deferred Inflows - Leases Receivable	(420,449)	9,097,375
Prepaid Expenses	226,344	(322,565)
Prepaid to the City of Philadelphia	-	301,681
Accounts Payable and Other Accrued Expenses	3,177,557	2,151,538
Net OPEB Liability and Related Items	2,673,479	1,962,552
Deferred Outflows - OPEB	754,738	(560,713)
Deferred Inflows - OPEB	2,358,616	3,490,835
Net Pension Liability and Related Items	(10,309,849)	(23,409,201)
Deferred Outflows - Pension	(823,617)	144,906
Deferred Inflows - Pension	(12,912,415)	6,073,411
Due to the City of Philadelphia	(2,024,294)	3,631,362
Due to the School District of Philadelphia	(706,501)	197,475
Due to the Pennsylvania Department of Transportation	13,213,604	2,609,971
Net Cash Provided by Operating Activities	$ 9,711,966	$ 18,808,600
SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITY		
Right-of-Use Asset Acquired Through Lease and SBITA Payables	$ 769,896	$ 62,254,638

See accompanying Notes to Financial Statements.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF FIDUCIARY NET POSITION
MARCH 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	$ -	$ 236
Mutual Funds	31,020,746	27,018,498
Total Assets	$ 31,020,746	$ 27,018,734
FIDUCIARY NET POSITION		
Restricted for:		
Other Postemployment Benefits	$ 31,020,745	$ 27,018,734
Total Fiduciary Net Position	$ 31,020,745	$ 27,018,734

See accompanying Notes to Financial Statements.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED MARCH 31, 2024 AND 2023

	2024	2023
ADDITIONS:		
Contributions:		
Employer	$ 2,783,222	$ 2,720,409
Total Contributions	2,783,222	2,720,409
Net Investment Income (Loss)	4,100,355	(2,164,916)
Total Additions	6,883,577	555,493
DEDUCTIONS:		
Benefit Payments	2,783,222	4,485,887
Administrative Expenses	98,344	97,995
Total Deductions	2,881,566	4,583,882
CHANGES IN FIDUCIARY NET POSITION	4,002,011	(4,028,389)
Total Fiduciary Net Position - Beginning of Year	27,018,734	31,047,123
TOTAL FIDUCIARY NET POSITION - END OF YEAR	$ 31,020,745	$ 27,018,734

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND HISTORY

General

The Philadelphia Parking Authority (the Authority) was created on January 11, 1950, by an ordinance of the Philadelphia City Council pursuant to an Act of the General Assembly of the Commonwealth of Pennsylvania. The legal life of the Authority extends through December 5, 2037. The power to appoint members of the Authority's Board rests with the Governor of Pennsylvania, with certain nominations from the Pennsylvania Legislature.

The Authority owns and operates many parking facilities within the City of Philadelphia (the City) and is party to leases with the United States of America, the Commonwealth and the City relative to other parking facilities, the revenue from certain of which is pledged for the payment of debt service under May 27, 1999, September 5, 2008, and December 10, 2009, trust indentures.

The Authority is a component unit of the City for financial reporting purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Authority are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. The statements of net position and revenues, expenses and changes in net position include all fund activity of the Authority. Material balances and transactions among the funds have been eliminated.

Additionally, the Authority reports a Fiduciary Fund to account for assets held by the Authority in a trustee capacity for its Post-Retirement Health Insurance Plan.

When both restricted and unrestricted resources are available for use, the Authority utilizes restricted resources to finance qualifying activities first, then unrestricted resources as they are needed.

Management's 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 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Authority considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are carried at fair value. Unrealized gains and losses, if any, are included in investment income as nonoperating revenues or expenses.

Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectible amounts for collections.

The Authority is responsible for the enforcement and administration of the system of on-street parking regulations in the City of Philadelphia and is system administrator for the City in connection with the supervision and coordination of notices of violation issued in connection with the automated red light enforcement system (Red Light System) and in connection with the automated speed enforcement camera system in the City (Speed Enforcement System). In the performance of these obligations, the Authority assesses and then collects the revenues generated on behalf of the City and the Commonwealth of Pennsylvania and disburses revenues, net of expenses, to the City, the Commonwealth and other entities. Although the revenues of these programs are authorized and imposed by other governments, the Authority issues tickets and citations as part of the enforcement programs and portions of those receipts fund the ongoing operations of the Authority. Accordingly, the Authority's financial statements reflect receivables for tickets, towing, booting and other amounts outstanding under these programs.

Leases Receivable

The Authority is a lessor for noncancellable leases of parking spaces, garages, buildings and other facilities. A lease receivable and a deferred inflow of resources is recognized in the financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts. The Authority uses its estimated incremental borrowing rate as the discount rate for leases.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases Receivable (Continued)

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Property, Equipment and Depreciation

Property and equipment are stated at cost, which includes interest and other expenses capitalized during the period of construction. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received form the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources have a positive effect on net position, similar to assets; however, the actual outflow of resources (net decrease in assets or net increase in liabilities) was incurred in a current or prior period and the outflow of resources is applicable to a later period. In the periods following the initial outflow of resources, the outflow of resources will be reported as a decrease in the previously reported deferred outflow of resources without a further change in net position.

The Authority reports various items as deferred outflows of resources that are identified within the actuarial valuations of the pension and other postemployment benefit plans. The specific items reported can be found in the related footnotes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases and Subscription Based Information Technology Agreements Payable

The Authority is a lessee for noncancellable leases of parking spaces, garages, buildings ,other facilities and subscription based information technology agreements ("sbita"). A lease and sbita liability and an intangible right-to-use lease and sbita asset is recognized in the financial statements. The Authority considers all leases above their capitalization policy for recognition. Leases that are material individually or in aggregate are recognized.

At the commencement of a lease or sbita, the Authority initially measures the lease or sbita liability at the present value of payments expected to be made during the lease term. Subsequently, the lease or sbita liability is reduced by the principal portion of lease or sbita payments made. The lease or sbita asset is initially measured as the initial amount of the lease or sbita liability, adjusted for lease or sbita payments made at or before the lease or sbita commencement date. Subsequently, the lease or sbita asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases and sbitas include how the Authority determines (1) the discount rate it uses to discount the expected lease or sbita payments to present value, (2) lease or sbita term and (3) lease or sbita payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease or sbita term includes the noncancellable period of the lease or sbita and all extension periods the Authority is reasonably certain to exercise. Lease or sbita payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease or sbita and will remeasure the lease or sbita asset and liability if certain changes occur that are expected to significantly affect the amount of the lease or sbita liability. Lease or sbita assets are reported with other capital assets and lease or sbita liabilities are reported with long-term debt on the statement of net position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources have a negative effect on net position, similar to liabilities; however, the actual inflow of resources (net increase in assets or net decrease in liabilities) was incurred in a current or prior period and the inflow of resources is applicable to a later period. In the periods following the initial inflow of resources, the inflow of resources will be reported as a decrease in the previously reported deferred inflow of resources without a further change in net position.

The Authority reports various items as deferred inflows of resources that are identified within the actuarial valuations of the pension and other postemployment benefit plans. The specific items reported can be found in the related footnotes.

Net Position

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds or notes that are attributable to the acquisition, construction, or improvement of those assets.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Interest Capitalization

The Authority capitalizes related interest charges incurred and interest income during the development of its facilities. During the years ended March 31, 2024 and 2023, the Authority had no capitalized interest expense.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating Revenues and Nonoperating Revenues

Operating revenues of the Authority consist of revenue generated from parking garages and surface lots. In addition, governmental and private grants and contracts in which the grantor received equal value for the funds given to the Authority are recorded as operating revenue. Transactions related to capital and financing activities, noncapital financing activities, proceeds from the transfer of medallion funds, investing activities and any state, local and federal appropriations are components of nonoperating revenue.

Administrative Expenses

Pursuant to an agreement with the City of Philadelphia and Federal Aviation Administration, administrative expenses are allocated among the various facilities based principally upon the direct operating expenses of the applicable facility. Management believes this is a reasonable measure of the administrative effort required for each facility.

New Accounting Pronouncements

Effective April 1, 2023, the Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Agreements (SBITA)*. This standard requires the recognition of right-to-use subscription assets and subscription liabilities for contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this standard, a government is required to recognize a subscription liability and an intangible right-to-use subscription asset. The Authority has applied the provisions of this standard to the beginning of the period of adoption. The adoption of GASB 96 standard did not have any impact on the beginning net position in the financial statements.

Effective April 1, 2023 the Authority implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of an SCA or are not within the scope of Statement 87, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). implementation of this standard did not affect beginning net position or fund balance.

Reclassifications

The Authority reclassified certain asset, liability, revenue and expense balances to conform with current year presentation.

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The Authority is authorized, by the Commonwealth of Pennsylvania, to invest in United States government obligations and its agencies or instrumentalities, direct obligations of this state or agencies and instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, obligations of states, agencies, counties, cities and other political subdivisions of any state rated to investment quality by a nationally recognized investment firm, with not less than an A rating, fully collateralized repurchase agreements and reverse repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, insured or collateralized certificates of deposits. Also, the Authority is limited by its trust indentures as to the types of investments it may make. Allowable investments include certificates of deposits, certain repurchase and investment agreements, and United States government obligations. The Authority’s internal policy for investments is the preservation of capital and the protection of investment principal and to strive to maximize the return on the portfolio while avoiding unreasonable investment risk.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. It is the Authority’s policy to require that time deposits in excess of the Federal Deposit Insurance Corporation (the FDIC) insurable limits be secured by collateral or private insurance to protect all deposits in a single financial institution if it were to default. Investments in United States government obligations are not subject to custodial credit risk.

Cash and cash equivalents are comprised of cash on hand at Authority locations, deposits with financial institutions and cash equivalents invested with investment firms in liquid investments, such as money market and mutual funds.

The cash and cash equivalent balances as of March 31, comprised of the following:

	2024	2023
Cash on Hand	$ 41,500	$ 114,197
Demand Deposits	80,340,584	85,837,798
Cash Equivalents - U.S. Government Mutual Funds	11,253,800	10,869,790
Total Cash and Cash Equivalents	$ 91,635,884	$ 96,821,785

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The cash and cash equivalent balances as of March 31, are classified in the statements of net position as follows:

	2024	2023
Cash and Equivalents (Unrestricted)	$ 39,243,424	$ 38,816,296
Restricted Cash	52,392,460	58,005,489
Total Cash and Cash Equivalents	$ 91,635,884	$ 96,821,785

At March 31, 2024 and 2023 the carrying amount of the Authority's demand deposits with financial institutions was $80,340,584 and $85,837,798, respectively, compared to bank balances of $79,957,340 and $84,200,692, respectively. The differences are primarily caused by deposits in-transit and outstanding checks. Commonwealth of Pennsylvania Act 72 of 1971 (Act 72), as amended, allows banking institutions to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments. At March 31, 2024 and 2023, $987,541 and $1,052,424 of the Authority's bank balance was insured by the FDIC, respectively. At March 31, 2024 and 2023, $78,969,799 and $83,148,268, respectively, of the remaining balance was collateralized by securities pledged and held by the financial institution in accordance with Act 72. At March 31, 2024 and 2023, $-0- and $-0-, respectively, of the balances was uncollateralized.

Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment policy does not have a provision that limits investment maturity as a means of managing exposure to fair value losses arising from increasing interest rates. Short-term maturities have little interest rate risk as noted in the Authority's investment policy.

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Concentration of credit risk is the risk of loss attributed to magnitude of the Authority's investment in a single issuer. The Authority's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the Authority to meet all anticipated cash requirements.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority limits credit risk by requiring all fixed-income securities to have an A or better rating as determined by Moody's or generally accepted rating agencies. Obligations of the U.S. government or obligations explicitly guaranteed by the United States government are not considered a credit risk.

The Authority has no exposure to foreign currency risk.

As of March 31, 2024, the Authority had the following cash and investments:

	Ratings	Average Duration	Amount
Cash and Cash Equivalents	N/A	N/A	$ 80,382,084
U.S. Government Mutual Funds - Cash and Cash Equivalents	AAAm	19 Days	11,253,800
U.S. Government Fixed Income	AAAm	1.09	15,531,241
U.S. Government Sponsored Fixed Income	AAAm	4.31	1,381,050
Guaranteed Investments Contract	N/A	8.3	3,220,181
Total			$ 111,768,356

As of March 31, 2023, the Authority had the following cash and investments:

	Ratings	Average Duration	Amount
Cash and Cash Equivalents	N/A	N/A	$ 83,394,195
U.S. Government Mutual Funds - Cash and Cash Equivalents	AAAm	19 Days	10,869,791
U.S. Government Fixed Income	AAAm	1.09	12,591,911
U.S. Government Sponsored Fixed Income	AAAm	4.31	3,086,432
Guaranteed Investments Contract	N/A	8.3	3,220,178
Total			$ 113,162,507

Guaranteed investment contracts are valued at contract value based on the related financial institutions ability to pay the guaranteed interest rate in accordance with the terms of the contract. The contracts provide contractual guaranteed interest rates of between 5.29% and 5.90%. Management believes the credit ratings of the related financial institutions as of the measurement date uphold the firm's ability to meet obligations set forth in the contracts.

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The U.S. government mutual fund are investments in professionally managed funds consisting of various U.S. treasury and governmental investments. They are rated by Standard & Poors as AAAm and have a weighted average maturity of 19 days. Money market investments and participating interest earning investments that have a maturity of less than one year from the date of purchase are reported at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the reporting entity's own belief about the assumptions market participants would use in pricing the asset or liability based upon the best information available in the circumstances. Additionally, the inputs are prioritized based on a three-level hierarchy that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

- *Level 1* – Valuations are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- *Level 2* – Valuations are based on quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.
- *Level 3* – Valuations are based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

The recurring fair value measurements for investments as of March 31, 2024, are as follows:

Investment Type	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Government Fixed Income:				
U.S. Treasury Notes	$ -	$ 15,531,241	$ -	$ 15,531,241
U.S. Government Sponsored Fixed Income:				
Federal Home Loan Bank Bonds	-	492,955	-	492,955
Mortgage Backed Securities	-	888,095	-	888,095
Total	$ -	$ 16,912,291	$ -	$ 16,912,291

NOTE 3 CASH, CASH EQUIVALENTS, INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The recurring fair value measurements for investments as of March 31, 2023, are as follows:

Investment Type	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Government Fixed Income:				
U.S. Treasury Notes	$ -	$ 12,591,911	$ -	$ 12,591,911
U.S. Government Sponsored Fixed Income:				
Federal Home Loan Bank Bonds	-	489,245	-	489,245
Mortgage Backed Securities	-	2,597,187	-	2,597,187
Total	$ -	$ 15,678,343	$ -	$ 15,678,343

The following are descriptions of the valuation methodologies used for assets measured at fair value:

U.S. Government Mutual Fund – These are investments in professionally managed funds consisting of various U.S. Treasury and governmental investments. They are considered a Level 1 input in the hierarchy.

U.S. Government Treasury – These are investments in asset backed, fixed income securities. These securities provide a return in the form of fixed periodic payments and the eventual return of principal at maturity. They are traded in active markets and values are based on unadjusted quoted prices. They are considered a Level 2 input in the hierarchy.

Fixed Income (Government and Government Sponsored Entities) – Valued at fair value based upon quoted market prices, if available, or estimated using quoted market prices for similar securities. They are considered a Level 2 input in the hierarchy.

Certificates of Deposit – These investments have a fixed maturity and stated interest rate. They are valued at fair value using the stated rates and maturity and by comparing to the pricing and value offered for deposits of similar remaining maturities. They are considered a Level 2 input in the hierarchy.

Post-Retirement Health Insurance Plan deposits and investments are disclosed separately in Note 11.

NOTE 4 ACCOUNTS RECEIVABLE – TICKETS AND OTHER

Tickets Receivable

The Authority reports accounts receivable for unpaid tickets as follows:

Year Ended March 31, 2024	On-Street	Red Light	Speed Camera	Total
Tickets Receivable	$ 417,169,636	$ 105,782,699	$ 55,118,041	$ 578,070,376
Less: Allowance for Uncollectible Tickets and Discounts	(367,109,280)	(84,626,159)	(35,275,546)	(487,010,985)
Tickets Receivable, Net	$ 50,060,356	$ 21,156,540	$ 19,842,495	$ 91,059,391

Year Ended March 31, 2023	On-Street	Red Light	Speed Camera	Total
Tickets Receivable	$ 420,240,341	$ 84,086,626	$ 42,525,686	$ 546,852,653
Less: Allowance for Uncollectible Tickets and Discounts	(368,606,000)	(67,670,196)	(27,061,096)	(463,337,292)
Tickets Receivable, Net	$ 51,634,341	$ 16,416,430	$ 15,464,590	$ 83,515,361

The parking ticket receivable balance covers the period from 1990 through present. Effective April 1, 2021, the Authority entered into an agreement with the City to write-off all tickets receivable older than 15 years as well as all debt older than 15 years on each subsequent June 1 and December 1. Further, it may not initiate collection action on outstanding tickets greater than 10 years old, unless the older ticket is linked to multiple violations within the 10-year period, or as a result of an enforcement action on a vehicle owned now or previously by the person responsible for the older tickets. The Authority has estimated its collectible tickets receivable balance based on historical collection averages for 2024 and 2023, and present legal restrictions on collection efforts. Recent experience shows that the Authority collects 89.0% of all outstanding amounts due on parking tickets within five years of ticket issuance. The Authority estimates that the net receivable will be collected over a 15-year period with the majority being collected in the next five years. The Authority estimates that the ticket balances will be collected in the following years:

Year Ending March 31,	Amount
2025	$ 36,282,329
2026	13,878,883
2027	9,123,721
2028	7,278,451
2029	5,657,323
2030-2034	14,847,761
2035-2039	3,990,923
Total	$ 91,059,391

Other Receivables

The Authority reports other receivables of $164,403 and $1,067,249 as of March 31, 2024 and 2023, respectively.

NOTE 5 CAPITAL ASSETS

The following is a summary of changes in capital assets as of March 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Property and Equipment Not Being Depreciated				
Land	$ 18,027,762	$ -	$ -	$ 18,027,762
Construction-in-Progress	3,196,767	2,573,878	-	5,770,645
Total Property and Equipment not Being Depreciated	21,224,529	2,573,878	-	23,798,407
Property and Equipment Being Depreciated				
Parking Facilities and Improvements	69,782,653	-	-	69,782,653
Improvements, Equipment, and Furniture	60,934,529	2,432,115	-	63,366,644
Right-of-Use Asset	62,254,638	-	-	62,254,638
Subscription-Based Information Technology Agreements	8,643,852	769,896	-	9,413,748
Total Property and Equipment Being Depreciated	201,615,672	3,202,011	-	204,817,683
Total Property and Equipment	222,840,201	5,775,889	-	228,616,090
Less: Accumulated Depreciation				
Parking Facilities and Improvements	29,264,484	2,695,574	-	31,960,058
Improvements, Equipment, and Furniture	42,678,113	4,437,099	-	47,115,212
Right-of-Use Asset	2,458,997	2,485,587	-	4,944,584
Subscription-Based Information Technology Agreements	2,051,297	2,276,417	-	4,327,714
Total Accumulated Depreciation	76,452,891	11,894,677	-	88,347,568
Total Property and Equipment Being Depreciated, Net	125,162,781	(8,692,666)	-	116,470,115
Property and Equipment, Net	$ 146,387,310	$ (6,118,788)	$ -	$ 140,268,522

Construction in Progress

At March 31, 2024, the Authority had construction in progress related to structural repairs at the Autopark at the Fashion District, an expansion project for the building and parking lot at 6801 Essington Avenue, additional work related to 6 Oregon Avenue, and a new revenue control system. Total costs incurred by the Authority as of March 31, 2023, were $5,770,645.

NOTE 5 CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in capital assets as of March 31, 2023:

	Beginning Balance*	Increases	Decreases	Ending Balance
Property and Equipment Not Being Depreciated				
Land	$ 18,027,762	$ -	$ -	$ 18,027,762
Construction-in-Progress	8,089,802	7,468,871	12,361,906	3,196,767
Total Property and Equipment not Being Depreciated	26,117,564	7,468,871	12,361,906	21,224,529
Property and Equipment Being Depreciated				
Parking Facilities and Improvements	63,917,167	5,865,486	-	69,782,653
Improvements, Equipment, and Furniture	54,355,258	6,579,271	-	60,934,529
Right-of-Use Asset	-	62,254,638	-	62,254,638
Subscription-Based Information Technology Agreements	8,643,852	-	-	8,643,852
Total Property and Equipment Being Depreciated	126,916,277	74,699,395	-	201,615,672
Total Property and Equipment	153,033,841	82,168,266	12,361,906	222,840,201
Less: Accumulated Depreciation				
Parking Facilities and Improvements	26,979,144	2,285,340	-	29,264,484
Improvements, Equipment, and Furniture	38,692,745	3,985,368	-	42,678,113
Right-of-Use Asset	-	2,458,997	-	2,458,997
Subscription-Based Information Technology Agreements	-	2,051,297	-	2,051,297
Total Accumulated Depreciation	65,671,889	10,781,002	-	76,452,891
Total Property and Equipment Being Depreciated, Net	61,244,388	63,918,393	-	125,162,781
Property and Equipment, Net	$ 87,361,952	$ 71,387,264	$ 12,361,906	$ 146,387,310

* Denotes a restatement for the adoption of GASB Statement No. 96.

NOTE 6 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Authority as Lessee

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange- like transaction. The Authority leases and subleases nonfinancial assets such as buildings, garages, and parking spaces. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and associated lease asset is recognized on the government-wide statement of net position.

The Authority has a variety of variable payment clauses within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index and market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance are included in the measurement of the lease liability presented in the table below. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

The Authority also enters into lease arrangements with third parties in which the Authority is a sublessee.

Note 5 contains a summary of changes in the lease asset and lease liability as of March 31, 2024 and 2023.

The following is a schedule of future minimum lease payments for leases with initial or remaining terms in excess of one year as March 31, 2024:

Year Ending March 31,	Principal	Interest	Total Payments
2025	$ 1,607,190	$ 1,422,353	$ 3,029,543
2026	1,692,262	1,382,302	3,074,564
2027	1,781,085	1,340,150	3,121,235
2028	1,877,157	1,295,741	3,172,898
2029-2033	9,912,348	5,733,261	15,645,609
2034-2038	10,341,368	4,563,336	14,904,704
2039-2043	12,222,855	3,167,557	15,390,412
2044-2048	13,098,651	1,584,740	14,683,391
2049-2053	481,948	768,052	1,250,000
2054-2058	544,415	705,584	1,249,999
2059-2063	614,979	635,020	1,249,999
2064-2068	694,690	555,310	1,250,000
2069-2073	784,731	465,269	1,250,000
2074-2078	886,443	363,556	1,249,999
2079-2083	1,001,339	248,661	1,250,000
2084-2088	1,131,127	118,873	1,250,000
2089-2093	387,898	7,953	395,851
	$ 59,060,486	$ 24,357,718	$ 83,418,204

NOTE 6 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

Authority as Lessor

The Authority leases and subleases Authority-owned properties such as buildings, garages and parking spaces. The related receivables are presented in the statement of net position for the amounts equal to the present value of lease payments expected to be received during the lease term.

The Authority's variable payments clause within its lease arrangements as the lessor is similar to the arrangements made as the lessee. The Authority did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

The following is a summary of the total lease revenue as of March 31, 2024:

Parking Spaces, Garages, and Buildings	$ 420,449
Interest Revenue	247,586
Total Revenue	$ 668,035

The following is a summary of the total lease revenue as of March 31, 2023:

Parking Spaces, Garages, and Buildings	$ 367,959
Interest Revenue	236,485
Total Revenue	$ 604,444

The following is a schedule of future minimum lease receipts for leases with initial or remaining terms in excess of one year as of March 31, 2024:

Year Ending March 31,	Principal	Interest	Total Payments
2025	$ (287,569)	$ (232,753)	$ (520,322)
2026	(220,962)	(219,138)	(440,100)
2027	(213,193)	(208,287)	(421,480)
2028	(167,025)	(197,585)	(364,610)
2029-2033	(295,992)	(954,008)	(1,250,000)
2034-2038	(334,357)	(915,643)	(1,250,000)
2039-2043	(377,694)	(872,306)	(1,250,000)
2044-2048	(426,648)	(823,351)	(1,249,999)
2049-2053	(481,948)	(768,052)	(1,250,000)
2054-2058	(544,415)	(705,584)	(1,249,999)
2059-2063	(614,979)	(635,020)	(1,249,999)
2064-2068	(694,690)	(555,310)	(1,250,000)
2069-2073	(784,731)	(465,269)	(1,250,000)
2074-2078	(886,443)	(363,556)	(1,249,999)
2079-2083	(1,001,339)	(248,661)	(1,250,000)
2084-2088	(1,131,127)	(118,873)	(1,250,000)
2089-2093	(387,899)	(7,953)	(395,852)
	$ (8,851,011)	$ (8,291,349)	$ (17,142,360)

NOTE 6 LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

Subscription-Based Information Technology Arrangements

The Authority has entered into subscription based-information technology arrangements (SBITAs) for a parking management application, cloud hosting and software licenses. The SBITA arrangements expire at various dates through 2028 and provide for renewal options.

The future subscription payments under SBITA agreements are as follows:

Year Ending March 31,	Principal	Interest	Total Payments
2025	$ 2,423,788	$ 74,698	$ 2,498,486
2026	2,518,049	24,427	2,542,476
2027	33,762	882	34,644
2028	25,768	215	25,983
Total	$ 5,001,367	$ 100,222	$ 5,101,589

Note 5 contains a summary of changes a summary of changes in the SBITA asset and lease liability as of March 31, 2024 and 2023.

NOTE 7 REVENUE BONDS AND NOTES PAYABLE

A summary of revenue bonds outstanding as of March 31, 2024 and 2023, is as follows:

Bond Issue	Issuance Date	Amount Issued	Maturity Date	Principal Outstanding March 31, 2024	Principal Outstanding March 31, 2023	Interest Rate	Sinking Fund Requirements	Purpose of Bond Issue
Parking System Revenue Bonds, Series 1999A	May 27, 1999	$ 47,390,000	February 15, 2029	$ 5,680,000	$ 6,665,000	4.00% - 5.25%	Mandatory, Beginning February 15, 2018 through 2029	Project has been abandoned and there was a partial defeasance on these bonds.
Tax Exempt Private Placement Bonds, Series 2014A	December 22, 2014	15,000,000	December 22, 2029	9,500,000	10,100,000	3.01%	none	Renovations of multiple parking garages located in the City of Philadelphia, including, 10th & Ludlow, Independence Mall, 2nd & Sansom, 8th & Filbert, 15th & Arch, and Market Street East.
Tax Exempt Private Placement Bonds, Series 2014B	June 21, 2016	10,000,000	December 22, 2029	6,702,262	7,127,777	3.01%	none	Renovations of multiple parking garages located in the City of Philadelphia, including, 10th & Ludlow, Independence Mall, 2nd & Sansom, 8th & Filbert, 15th & Arch, and Market Street East.
Tax Exempt Private Placement Bonds, Series 2019	September 25, 2019	9,600,000	September 24, 2007	4,800,000	6,171,429	2.58%	none	Finance the costs of purchasing meters to support the operational needs of the On Street department.
Total Revenue Bonds Outstanding				$ 26,682,262	$ 30,064,206			

NOTE 7 REVENUE BONDS AND NOTES PAYABLE (CONTINUED)

Revenue Bonds

On May 27, 1999, the Authority issued $47,390,000 Series of 1999A Parking System Revenue Bonds with interest rates ranging from 4.00% to 5.25% and having various maturity dates through 2029. The Bonds were issued to provide the Authority with proceeds to acquire a parking facility (the Garage) at 8th & Chestnut Streets (the Chestnut Street Parcel). During fiscal year 2003, $27,200,000 of the remaining principal outstanding on the Bonds was defeased.

The City of Philadelphia guarantees this bond issue. During fiscal year 2020, the 1999A indenture (i.e., the parking lot at 8th & Chestnut Streets) did operate at a deficit. The City was not required to cover the debt service this fiscal year due to contingent payments from a third party. As of March 31, 2024, the City of Philadelphia has provided approximately $13.4 million in funds in its role as guarantor of these bonds. The 1999A indenture provides for the Authority to repay the City for any funds paid by the City as a result of its guarantee. In the event of a sale of the parking lot, any funds received in excess of the bond principal and accrued interest will be used to repay the City. The current portion is $1,035,000 as of March 31, 2024.

On December 22, 2014, the Authority issued $25 million of tax-exempt bonds, a private placement of Series A and B bonds, with an interest rate of 3.0132% with a term of 15 years and an amortization of 25 years, having a maturity date of December 22, 2029. The A series is $15 million and the B series totals $10 million. The purpose of this bond issue was for the renovations of multiple parking garages located in the City of Philadelphia at the following locations: 10th & Ludlow, Independence Mall, 2nd & Sansom, 8th & Filbert, 15th & Arch and Market Street East. The current portion on Series A is $600,000 and on Series B is $425,515 as of March 31, 2024.

On September 25, 2019, the Authority issued $9,600,000 Series of 2019 Tax Exempt Private Placement Bonds with an interest rate of 2.58% to finance the costs of purchasing meters to support the operational needs of the On-Street department. The Authority is to make monthly payments of both principal and interest through September 24, 2027. The current portion is $1,371,428 as of March 31, 2024.

NOTE 7 REVENUE BONDS AND NOTES PAYABLE (CONTINUED)

The aggregate annual principal and sinking fund payments of debt at March 31, 2024, are as follows:

Year Ending March 31,	Revenue Bonds Principal Amount	Revenue Bonds Interest Amount	Total
2025	$ 3,431,943	$ 888,137	$ 4,320,080
2026	3,486,943	766,595	4,253,538
2027	3,546,943	642,166	4,189,109
2028	2,921,229	519,276	3,440,505
2029	2,220,515	418,134	2,638,649
2030	11,074,689	265,172	11,339,861
Total	$ 26,682,262	$ 3,499,480	$ 30,181,742

The following table provides a summary of changes in revenue bonds outstanding and notes payable for the years ended March 31, 2024 and 2023:

	Balance at March 31, 2023	Proceeds	Bonds Refunded	Principal Repayments	Balance at March 31, 2024
Revenue Bonds	$ 30,064,206	$ -	$ -	$ (3,381,944)	$ 26,682,262

	Balance at March 31, 2022	Proceeds	Bonds Refunded	Principal Repayments	Balance at March 31, 2023
Revenue Bonds	$ 33,401,148	$ -	$ -	$ (3,336,942)	$ 30,064,206

NOTE 8 BOND RESERVE FUNDS

In accordance with the terms of the governing trust indentures, certain restricted funds are required to be maintained for debt service requirements as follows:

	2024	2023
Trust Indenture:		
May 27, 1999	$ 3,220,181	$ 3,220,181
Total	$ 3,220,181	$ 3,220,181

If there is a deficiency in the funds within the 1999 Trust Indenture (Disney Quest project), the City is required to pay such deficiency. The deficiency due from the City is $-0- as of March 31, 2024 and 2023, respectively, and is included as a reduction in the amount due to the City of Philadelphia on the statements of net position. The balances in the bond reserve funds noted above are included in restricted cash and investments on the statement of net position.

NOTE 9 RESTRICTED CASH, INVESTMENTS AND NET POSITION

Restricted cash and investments consist of the following at March 31, 2024 and 2023:

	2024	2023
Restricted for Indentures		
Series of 1999A:		
Bond Reserve Fund	$ 3,220,181	$ 3,220,181
Revenue Fund	1,509,967	937,121
Construction Fund	102,148	102,148
Bond Redemption Fund	31,189	29,657
Total Restricted for Indentures	4,863,485	4,289,107
Restricted for Airport Escrow Agent	9,610,496	9,138,485
Restricted for Center City Garage Construction	11,989,145	11,640,443
Restricted for the City of Philadelphia	11,391,184	13,415,478
Restricted for the School District of Philadelphia	7,174,560	7,881,061
Restricted for Pennsylvania Department of Transportation	7,284,788	11,581,820
Restricted for National Park Service	-	42,422
Restricted for Delaware River Port Authority	78,802	16,673
Total restricted Cash and Investments	$ 52,392,460	$ 58,005,489

NOTE 9 RESTRICTED CASH, INVESTMENTS AND NET POSITION (CONTINUED)

Restricted net position consists of the following at March 31, 2024 and 2023:

	2024	2023
Restricted Cash and Investments for Airport, Escrow, and Garage Construction	$ 26,463,126	$ 25,068,035
Less: Balances Attributable for Construction Debt	(11,989,145)	(11,640,443)
Less: Balances Attributable for Escrow Obligations	(9,610,496)	(9,138,485)
Total Restricted for Indentures	$ 4,863,485	$ 4,289,107

NOTE 10 RISK MANAGEMENT

The Authority elected to self-insure potential obligations applicable to workers' compensation, casualty/liability and automobile insurance. The Authority is exposed to various risks of loss (i.e., theft, damage/destruction of assets; injuries to employees and natural disasters, etc.). While it purchases insurance coverage for these exposures, the Authority has deductibles under most of the policies. The current levels of deductibles, limits of insurance coverage per occurrence and aggregate limit of insurance coverage are shown below:

	Deductible	Limit per Occurrence	Overall Aggregate Coverage Limit
Coverage:			
Auto Liability	$ 100,000	$ 1,000,000	$ -
Crime	50,000	1,000,000	-
Cyber	10,000	3,000,000	-
Directors and Officers/	250,000		
Employment Practices Liability	150,000	100,000,000	-
Employment Practices	150,000	1,000,000	10,000,000
Garagekeepers' Liability			
(1500-1508 Vine Street)	100,000	1,000,000	(per location)
General Liability	100,000	1,000,000	2,000,000
Commercial Property	50,000	250,000,000	-
Umbrella Liability	-	25,000,000	25,000,000
Workers' Compensation	300,000	Statutory Benefits	

The Authority's accrued claims liability of $8,411,611 and $6,768,589 as of March 31, 2024 and 2023, respectively, was established according to a third-party actuarial study.

NOTE 10 RISK MANAGEMENT (CONTINUED)

Balances in the Authority's accrued claims liability account were:

	March 31, 2023	Changes in Estimates	Payments of Claims	March 31, 2024
Workers' Compensation	$ 5,797,450	$ 2,528,707	$ (550,486)	$ 7,775,671
Automobile Liability	655,349	153,324	(603,838)	204,835
General Liability	315,790	340,386	(225,071)	431,105
Total	$ 6,768,589	$ 3,022,417	$ (1,379,395)	$ 8,411,611

	March 31, 2022	Claims and Changes in Estimates	Payments of Claims	March 31, 2023
Workers' Compensation	$ 6,182,373	$ 1,023,451	$ (1,408,374)	$ 5,797,450
Automobile Liability	329,830	471,074	(145,555)	655,349
General Liability	451,591	271,954	(407,755)	315,790
Total	$ 6,963,794	$ 1,766,479	$ (1,961,684)	$ 6,768,589

The Authority established a self-funded health insurance plan effective April 1, 2015, and entered into an agreement with Independence Blue Cross to administer the majority of the medical and prescription drug claims on behalf of the Authority. A self-funded plan is when an employer assumes the financial risk for providing health care benefits to its employees. The Plan provides comprehensive health care benefits through three medical options to its employees, which include an HMO, POS and a PPO plan. The Authority purchased a stop-loss policy for specific and aggregate stop-loss coverage with a specific deductible of $250,000 for plan year April 1, 2023 to March 31, 2024, with the current year contract on an incurred 84 months/paid 12 months contract basis with an unlimited maximum benefit. Aggregate stop- loss protection is not included for the current year. The Authority estimates year-end claim liabilities based on the incurred but not reported valuation received.

	March 31, 2023	Claims and Changes in Estimates	Payments of Claims	March 31, 2024
Incurred But Not Reported Liability	$ 1,280,030	$ 10,750,000	$ (11,227,030)	$ 803,000

	March 31, 2022	Claims and Changes in Estimates	Payments of Claims	March 31, 2023
Incurred But Not Reported Liability	$ 1,077,000	$ 11,020,040	$ (10,817,010)	$ 1,280,030

The Authority makes payments to its insurance carrier for amounts needed to pay current year claims. The Authority is also required to maintain a letter-of-credit issued to the Authority's insurance carrier as collateral for amounts needed to pay prior year claims. The letter-of-credit at March 31, 2024 and 2023, is approximately $4.69 million.

NOTE 10 RISK MANAGEMENT (CONTINUED)

The Authority is required to record a liability for claims if information prior to the issuance of the financial statements indicates that it is both probable that a liability has been incurred by the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS)

Plan Description

The Authority self-administers its single-employer, other postemployment benefit program (OPEB Plan). Retirees receive 60 months of subsidized coverage upon pension retirement with at least 10 years of service. Additional months of subsidized coverage may be obtained by converting unused sick leave. The OPEB Plan was amended in June 2018, to reduce the proportion of unused sick leave that can be converted depending on the date of retirement. Except when pre-65 retirees elect the PPO or POS plans; all coverage is noncontributory. Medical, Rx, Dental and vision coverage is provided. Reimbursement for Medicare Part B premiums is also available.

The Authority also provides Capitation and Waiver benefits. The Capitation benefit is a fixed dollar amount payable to certain Union employees. The current amount is $1,607 per month. Upon providing proof of other insurance, retirees waiving PPA insurance receive a Waiver benefit equal to 25% of the HMO, Dental and Vision premiums under the PPA program.

The Authority began participating in a qualifying Section 115 OPEB Trust through the Public Agency Retirement Services (PARS) OPEB Trust Program during the year ended March 31, 2019. The Trust is a multiple employer trust arrangement created to help participating public agencies pre-fund postemployment health care and welfare benefits they provide for their retired employees. Each participating employer must be authorized by its governing body to enter into an adoption agreement under which it agrees to be bound to the terms of Plan and Trust Agreement. Upon signing the adoption agreement, the employer becomes a participating employer. Each employer’s separate portion of the Trust is referred to as the employer’s agency account.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS) (CONTINUED)

Funding Policy

The contribution requirements of the Authority are established and may be amended by the Authority's Board. It is the Authority's policy to annually designate investments to attempt to fund these obligations in the amount of the liability that it recognizes for the year. There are no required contributions on the part of the program participants (i.e., retirees).

Employees Covered by Benefit Terms

For the actuarial valuation as of April 1, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	188
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	9
Active Employees	962
Total	1159

Deposits and Investments

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. At March 31, 2024, the OPEB Plan's deposits were $-0.

Investments

Investment Policy – U.S. Bank National Association acts as the Trustee of the assets of the Trust. When adopting the Trust, employers select either a discretionary or directed trustee investment approach. The Trustee may exercise discretion directly or through its subadvisor, HighMark Capital Management, Inc. (HighMark), a registered investment advisor and wholly owned subsidiary of MUFG Union Bank. Through the directed approach, an employer may select from a variety of investment strategies. Cash contributions into the Trust are received in depository accounts and invested in the money market mutual fund within 24 hours.

Methods Used to Value Investments – Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS) (CONTINUED)

Deposits and Investments (Continued)

Investments (Continued)

Fair Value Measurements – The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of March 31, 2024, the investment assets in the Trust consisted of the following:

Investment Type	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Held by Section 115 OPEB Trust				
Mutual Fund	$ -	$ 31,020,745	$ -	$ 31,020,745
Total	$ -	$ 31,020,745	$ -	$ 31,020,745

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Trust manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration Risk – Concentration risk is the heightened risk of potential loss when investments are concentrated in one issuer. As of March 31, 2024, the Trust had no investments concentrated in one issuer (other than mutual funds and US government) that exceeded 5.00% of the Trust’s investments.

Rate of Return – For the year ended March 31, 2024, the expected annual money-weighted rate of return on Plan investments, net of Plan investment expense, (6.00%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS) (CONTINUED)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources Related to OPEB

At March 31, 2024, the Authority reported $51,887,797 for the total OPEB liability and $20,867,052 for the net OPEB liability after the reduction of the plan's fiduciary net position. The financial information for year ending March 31, 2024, is based upon an actuarial valuation performed as of April 1, 2024, using the participant census as of April 1, 2024. The beginning and end of year measurement dates are March 31, 2023 and March 31, 2024, respectively. The results of the April 1, 2024, valuation was projected to the beginning and end of year measurement dates, respectively, using standard actuarial techniques. The benefit terms as of the respective measurement dates were valued and appropriate assumptions were applied in performing the projections. The OPEB liability is composed of the following:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances - April 1, 2023	$ 45,212,305	$ 27,018,734	$ 18,193,571
Changes for the Year:			
Service Cost	1,883,453	-	1,883,453
Interest	2,742,249	-	2,742,249
Changes in Assumptions	4,589,629	-	4,589,629
Differences Between Expected and Actual Experience	(3,351,859)	-	(3,351,859)
Changes in Benefit Terms	3,595,242	-	3,595,242
Employer Contributions	-	2,783,222	(2,783,222)
Net Investment Income	-	4,002,011	(4,002,011)
Net Benefit Payments	(2,783,222)	(2,783,222)	-
Net Changes	6,675,492	4,002,011	2,673,481
Balances - March 31, 2024	$ 51,887,797	$ 31,020,745	$ 20,867,052

For the year ended March 31, 2024, the Authority recognized OPEB expense of $8,570,056. At March 31, 2024, the Authority reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,666,993	$ 4,219,922
Change in Assumptions	11,009,627	2,368,617
Differences Between Projected and Actual Earnings on Investments	206,096	-
Total	$ 12,882,716	$ 6,588,539

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS) (CONTINUED)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources Related to OPEB (Continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense as follows:

Year Ending March 31,	Amount
2025	$ 1,464,742
2026	2,415,533
2027	2,118,143
2028	340,873
2029	(155,281)
Thereafter	110,167
Total	$ 6,294,177

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal - level % of pay.
Salary Increases	3.00%.
Discount Rate	6.00% which is equal to the expected rate of return on Trust assets.
Health Care Cost Trend Rate Medical Pre-Medicare and Rx	7.00% in year one, decreasing annually to an ultimate rate of 4.50% in year nine.
Health Care Cost Trend Rate Benistar	4.00% using actual trend when available as of the measurement date for fully insured.
Healthy Life Mortality	Society of Actuaries Pub-2010 Public Retirement Plans Headcount - Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.
Disabled Life Mortality	Society of Actuaries Pub-2010 Public Retirement Plans Headcount - Weighted Disabled Mortality Tables using Scale MP-2021 Full Generational Improvement.

Sensitivity of the Authority's Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority calculated using the discount rate of 6.00% as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current discount rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB Liability	$ 24,882,883	$ 20,867,052	$ 17,274,040

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (OTHER THAN PENSIONS) (CONTINUED)

Sensitivity of the Authority's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority calculated using the health care cost trend rates of 7.00% decreasing to 4.50%, as well as what the total OPEB liability would be if it were calculated using health care costs trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend	1% Increase
Net OPEB Liability	$ 16,689,219	$ 20,867,052	$ 25,698,621

NOTE 12 PENSION PLAN

Plan Description

The City of Philadelphia Municipal Pension (the Plan) is a cost-sharing multiple-employer defined benefit pension plan, administered by the Philadelphia Board of Pensions, which provides pensions for all officers and employees of the City of Philadelphia (the City), as well as those of three quasi-governmental agencies (per applicable enabling legislation and contractual agreements) that are considered component units of the City, including the Authority. Employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Employees covered by the Plan as of July 1, 2022, consisted of the following:

Active Plan Participants	26,723
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	832
Disabled	3,757
Retirees Receiving Benefits	22,392
Beneficiaries Receiving Benefits	8,523
Deferred Retirement Option Plan (Drop) Participants	1,921
Total Membership	64,148
Number of Participating Employers	4

NOTE 12 PENSION PLAN (CONTINUED)

Benefits Provided

The Plan provides retirement, disability and death benefits according to the provisions of Title 22 of the Philadelphia Code. These provisions prescribe retirement benefit calculations, vesting thresholds and minimum retirement ages that vary based on bargaining unit, uniform/non-uniform status and entry date into the System.

Non-uniform employees may retire at either age 55 with up to 80% of average final compensation (AFC) or age 60 with up to either 100% or 25% of AFC, depending on entry date into the System. Uniform employees may retire at either age 45 with up to 100% of AFC or age 50 with up to either 100% or 35% of AFC, depending on entry date into the System. Survivorship selections may result in an actuarial reduction to the calculated benefit.

Members may qualify for service-connected disability benefits regardless of length of service. Service- connected disability benefits are equal to 70% of a member's final rate of pay and are payable immediately without an actuarial reduction. These applications require approval by the Board. Eligibility to apply for non-service-connected disability benefits varies by bargaining unit and uniform/non-uniform status. Non-service-connected disability benefits are determined in the same manner as retirement benefits and are payable immediately. Service-connected death benefits are payable to:

1. surviving spouse/life partner at 60% of final rate of pay plus up to 2 children under age 18 at 10% each of final rate of pay (maximum payout: 80%);
2. if no surviving spouse/life partner, up to 3 children under age 18 at 25% each of final rate of pay (maximum payout 75%); or
3. if no surviving spouse/life partner or children under age 18, up to 2 surviving parents at 15% each of final rate of pay (maximum payout 30%).

Non-service-connected deaths are payable as a lump sum payment, unless the deceased was either vested or had reached minimum retirement age for their plan, in which case the beneficiary(ies) may instead select a lifetime monthly benefit, payable immediately with an actuarial reduction.

A Pension Adjustment Fund (PAF) is funded with 50% of the excess earnings that are between 1.00% and 6.00% above the actuarial assumed earnings rate. Each year within 60 days of the end of the fiscal year, by majority vote of its members, the Board of Directors of the Fund (the Board) shall consider whether sufficient funds have accumulated in the PAF to support an enhanced benefit distribution (which may include, but is not limited to, a lump sum bonus payment, monthly pension payment increases, ad-hoc cost of living adjustments, continuous cost-of-living adjustments or some other form of increase in benefits as determined by the Board) to retirees, their beneficiaries and their survivors. As of July 1, 2022, the date of the most recent actuarial valuation, there was $34.3 million in the PAF and the Board voted to make PAF distributions of $29.7 million during the fiscal year ended June 30, 2023.

NOTE 12 PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

The Fund includes a Deferred Retirement Option Plan (DROP Plan). The DROP Plan allows a participant to declare that they will retire within four years. During the four-year period, the City will make no further contributions for the participant. The participant would continue to work and to receive their salary; however, any increases would not be counted towards their pension benefit.

During the four-year period the individual participates in the DROP Plan, their pension benefits will be paid into an escrow account in the participant's name. After the four-year period, the participant would begin to receive their pension benefits and the amount that has been accumulated in the escrow account in a lump sum payment. The balance in the DROP plan as of June 30, 2023, is $173.2 million.

Funding Policy and Contributions

Per Title 22 of the Philadelphia Code, members contribute to the System at various rates based on bargaining unit, uniform/non-uniform status and entry date into the System. Beginning July 1, 2022, members contributed at one of the following rates:

Employee Contribution Rates
For the Period of July 1, 2022 to June 30, 2023

		Municipal (1)	Elected (2)	Police	Fire
Plan 67		7.00 %	N/A	6.00 %	6.00 %
Plan 87		3.63	12.01 %	6.84	6.84
Plan 87	50% of Aggregate Normal Cost (3)	4.38	N/A	N/A	N/A
Plan 87	Accelerated Vesting (4)	4.61	13.46	N/A	N/A
Plan 87	Prime (5)	4.63	13.01	7.84	7.84
Plan 10		2.44	N/A	7.34	7.34
Plan 10	Accelerated Vesting	2.93	N/A	N/A	N/A
Plan 16 (6)		4.14	N/A	N/A	N/A
Plan 16	Accelerated Vesting (7)	4.52	N/A	N/A	N/A

1. For the Municipal Plan 67 members who participate in the Social Security System, employee contributions are 4.75% of compensation up to the social security wage base and 7% above it.
2. The employee contribution rate is based upon the normal cost of $589,721 under Plan 87 Elected, normal cost of $338,869 under Plan 87 Municipal and current annual payroll of $3,200,320.
3. This represents 50% of aggregate Normal Cost for all Members in Plan Y and applies to Deputy Sheriffs hired between and 6/20/2018.
4. Member rates for Municipal Plan 87 (Y5) members eligible to vest in 5 years and Elected Officials (L8) eligible to be years instead of 10.
5. Plan 87 Prime refers to new hires who have the option to elect Plan 10 but have elected to stay in Plan 87. New hires 7/1/2017, in Police and Fire Plan 87 Prime pay 8.50% and are not reflected above.
6. All municipal groups (except elected officials) hired after January 1,2019 participate in Plan 16.
7. Member rate for Municipal Plan 16 members eligible to vest in 7 years instead of 10 years.

NOTE 12 PENSION PLAN (CONTINUED)

Funding Policy and Contributions

Employer contributions are made by the City throughout each fiscal year (which ends June 30) and by three (3) quasi-governmental agencies, including the Authority, on a quarterly basis. These contributions, determined by an annual actuarial valuation report (AVR), when combined with plan member contributions, are expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Within the AVR, three contribution amounts are determined based upon two different sets of rules for determining the way the unfunded actuarial liability is funded. The first method is defined in accordance with Act 205 and defines the Minimum Municipal Obligation (MMO), which is the City's minimum required contribution under Pennsylvania state law. The second method is in accordance with the City's Funding Policy, which predates the Act 205 rules and calls for contributions that are greater than the MMO until the initial unfunded liability determined in 1984, is fully funded. The third method currently followed by the City, the Revenue Recognition Policy (RRP), calls for additional revenue to be contributed each year to the fund in excess of the MMO. There are three sources of additional revenue that will be received by the Fund: 1) a portion of the sales tax according to State Legislation, 2) additional tiered member contributions based on salary level for all municipal employees and 3) additional member contributions from the current and future uniform members in Plan 87.

Under all funding methods there are two components: the normal cost and the amortized unfunded actuarial liability. The actuarial unfunded liability is the amount of the unfunded actuarial liability that is paid each year based upon the given or defined amortization periods. The amortization periods are the same under the MMO and RRP, but different under the City's Funding Policy.

City's Funding Policy

The initial July 1, 1985, unfunded actuarial liability (UAL), is amortized over 34 years ending June 30, 2021, with payments increasing at 3.30% per year, the assumed payroll growth. Other changes in the actuarial liability are amortized in level dollar payments as follows:

Actuarial gains and losses	20 years beginning July 1, 2009. Prior gains and losses were amortized over 15 years.
Assumptions changes	15 years beginning July 1, 2010. Prior to July 1, 2010, assumption changes were amortized over 20 years.
Plan changes for active members	10 years.
Plan changes for inactive members	1 year.
Plan changes mandated by the State	20 years.

NOTE 12 PENSION PLAN (CONTINUED)

City's Funding Policy (Continued)

In fiscal year 2023, the City and other employers' contributions of $1.2 billion was more than the actuarially determined employer contribution (ADEC) of $801.7 million. In the event that the City contributes less than the funding policy, an experience loss will be created which will be amortized in accordance with funding policy over a closed 20-year period.

For the purposes of the MMO under Act 205 reflecting the fresh start amortization schedule, the July 1, 2009, UAL was "fresh started" to be amortized over 30 years ending June 30, 2039. This is a level dollar amortization of the UAL. All future amortization periods will follow the City's Funding Policies as outlined above. In the fiscal year 2023, the City and other employers' contributions of $1.2 billion exceeded the Minimum Municipal Obligation of $664.1 million.

Revenue Recognition Policy is similar to the MMO except that the assets used to determine the unfunded liability do not include portion of sales tax revenue, tiered member contributions from the municipal employees and additional uniform members' contributions. These sources of income are contributed over and above the City's contribution of the MMO and will be in addition to the MMO. Therefore, under this funding method the additional revenue amounts are separately tracked and accumulated in a notional account which is then subtracted from the assets before calculating the contribution amounts due under the Minimum Municipal Obligation (MMO) methodology. The fund accumulates these amounts in a notional account and deducts them from the Actuarial Asset Value before the MMO is determined. These amounts are accumulated at the Actuarial Asset Value return rates to preserve the new funding methodology objective. In fiscal year 2023, the City and other employers' contributions of $1.2 billion exceeded the contribution under Revenue Recognition Policy of $726.5 million.

The annual required contribution was determined based on the most recent annual actuarial valuation dated July 1, 2022. The entry age normal actuarial cost method of funding was used in the valuation, which does not identify or separately amortize unfunded actuarial liabilities. Significant actuarial assumptions used include (1) a rate of return on the investment of present and future assets of 7.35% per year compounded annually; (2) salary increases based on an age-based salary scale; and (3) no postretirement benefit increases. The rate of return includes an inflation component of 2.50%. The method used to determine the actuarial value of assets is a 10 year smoothed market value.

NOTE 12 PENSION PLAN (CONTINUED)

Investments, Asset Allocation and Long-Term Expected Rate of Return

The Pension Board's Investment Policy Statement provides, in part:

The overall investment objectives and goals should be achieved by use of a diversified portfolio, with safety of principal a primary emphasis. The portfolio policy should employ flexibility by prudent diversification into various asset classes based upon the relative expected risk-reward relationship of the asset classes and the expected correlation of their returns. The Fund seeks an annual total rate of return of not less than 7.35% over a full market cycle. It is anticipated that this return standard should enable the Fund to meet its current actuarially assumed earnings projection of 7.35% over a market cycle. The investment return assumption was reduced by the Board from 7.40% to 7.35% from the prior fiscal year. The Fund's investment program will pursue its forestated total rate of return by a combination of income and appreciation, relying upon neither exclusively in evaluating a prospective investment for the Fund. All investments are made only upon recommendation of the Fund's Investment Committee and approval by a majority of the Pension Board. In order to document and communicate the objectives, restrictions and guidelines for the Fund's investment staff and investments, a continuously updated Investment Policy Statement will be maintained. The Investment Policy Statement will be updated (and re-affirmed) each year at the January Board meeting.

The following was the Board's approved asset allocation policy as of June 30, 2022:

Asset Class	Target
Broad Fixed Income	13.00 %
High Yield	1.00
Global Aggregate	1.00
Emerging Market Debt	2.00
U.S. Large-Cap Core	20.00
U.S. Mid-Cap Core	4.00
U.S. Small-Cap Core	4.00
Global Low Volatility Equity	10.00
International Developed Large Cap Equity	10.00
International Small Cap Equity	3.00
Emerging Market Equity	3.00
Public REITs	1.00
Real Estate Core	10.00
Real Estate Opportunistic	1.00
Global Infrastructure	5.00
Private Equity	12.00
Total	100.00 %

The Plan allows funds to be invested pursuant to a strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of asset classes, as approved by the Philadelphia Board of Pensions.

NOTE 12 PENSION PLAN (CONTINUED)

Investments, Asset Allocation and Long-Term Expected Rate of Return (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table: (see pension plan's investment policy: http://www.phila.gov/pensions/PDF/ips.pdf).

Investment	Long-Term Expected Real Rate of Return
Fixed Income:	
Broad Fixed Income	4.80 %
High Yield	8.40
Global Aggregate	3.80
Emerging Market Debt	7.50
Equities:	
U.S. Large Cap Core Equity	6.90
U.S. Mid Cap Core Equity	7.40
U.S. Small Cap Core Equity	8.00
Global Low Volatility Equity	6.50
International Developed Large Cap Equity	7.60
International Small Cap Equity	8.10
Emerging Market Equity	7.80
Hedge Fund:	
Hedge Funds	5.30
Real Estate:	
Real Estate - Core	6.50
Public REITs	5.80
Opportunistic Real Estate	11.00
Real Asset:	
Global Infrastructure	6.90
Private Equity:	
Private Equity	11.10

The above table reflects the expected real rate of return for each major asset class. The expected inflation rate is projected at 2.75% for the same period.

NOTE 12 PENSION PLAN (CONTINUED)

Money-Weighted Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 8.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net Pension Liability

The Plan's net pension liability was measured at June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the Plan as of June 30, 2023, were as follows:

Total Pension Liability	$ 12,650,397,000
Plan Fiduciary Net Position	7,808,089,000
Plan Net Pension Liability	$ 4,842,308,000
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	61.7%

At June 30, 2023, the Authority reported a liability of $30,990,774 for its proportionate share of the Plan net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2022, and was rolled forward to June 30, 2023. The July 1, 2022 valuation used the following actuarial assumptions, applied to all periods including the measurement period:

Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	7.35% compounded annually, net of expenses
Salary Increases:	Age based table

- The investment return assumption was changed from 7.40% from the prior year to 7.35% for the current year valuation.
- To recognize the expense of the benefits payable under the Pension Adjustment Fund, the actuarial liabilities have been increased by 0.54%. This estimate is based on the statistical average expected value of the benefits.
- The mortality rates for Municipal and Elected Officials, 109% and 126% for males and females, respectively, of the Pub-2010(B) General Healthy Annuitant Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021. For Uniform, 118% and 122%, for males and females, respectively, of the Pub-2010(B) Safety Healthy Annuitant Below- Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.

NOTE 12 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The measurement date for the net pension liability (NPL) is June 30, 2023. Measurements are based on the fair value of assets as of June 30, 2023, and the total pension liability (TPL) as of the valuation date, July 1, 2022, updated to June 30, 2023. The roll-forward procedure included the addition of service cost and interest cost offset by actual benefit payments. During the measurement year, the collective NPL decreased by approximately $592 million. The service cost and interest cost increased the collective NPL by the approximately $1.1 billion while contributions plus investment income offset by administrative expenses decreased the collective NPL by approximately $1.8 billion.

Additionally, there was an actuarial experience loss during the year of approximately $74 million.

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 7.35%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Discount Rate Sensitivity

The following is a sensitivity analysis of the Authority’s proportionate share of the net pension liability to changes in the discount rate. The table below presents the Authority’s proportionate share of the Plan pension liability calculated using the discount rate of 7.35% as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (6.35%) or one percentage point higher (8.35%) than the current rate:

	1% Decrease 6.35%	Current Discount Rate 7.35%	1% Increase 8.35%
Proportionate Share of the Plan Net Pension Liability	$ 39,242,444	$ 30,990,774	$ 23,953,174

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended March 31, 2024, the Authority recognized pension expense of $4,171,822.

NOTE 12 PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

At March 31, 2024, the Authority reported the proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 392,285	$ 648,535
Change in Assumptions	1,153,602	-
Differences Between Projected and Actual Earnings on Investments	1,068,425	-
Changes in Proportionate Share	-	30,616,059
Difference Between Projected and Actual Contributions	11,928,235	-
Contributions Made Subsequent to Measurement Date	12,095,582	-
Total	$ 26,638,129	$ 31,264,594

The $12,095,582 of contributions made subsequent to June 30, 2023, measurement date will be recognized in the year ending March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending March 31,	Amount
2025	$ (10,862,149)
2026	(7,319,347)
2027	1,390,671
2028	68,778
Total	$ (16,722,047)

At March 31, 2024, the Authority reported a payable of $4,194,759 for the outstanding amount of contributions to the pension plan required for the year ended March 31, 2024.

The Plan issues a publicly available annual financial reporting, including financial statements, which may be obtained by writing to the Board of Pensions and Retirement, Two Penn Center Plaza, 16th Floor, Philadelphia, Pennsylvania 19102 or by visit the City of Philadelphia Board of Pensions' website.

NOTE 13 COLLECTIVE BARGAINING AGREEMENTS

There are several collective bargaining agreements in place during the fiscal year ended March 31, 2024, covering Authority employees. Collective bargaining agreement terms and the related union employee participation is as follows:

	Current Contract Term	Number of Participants at March 31, 2024	Number of Participants at March 31, 2023
American Federation of State, County, and Municipal Employees (AFSCME) District Council 33	9/1/2021-8/31/2025	521	507
AFSCME Locals 2186 and 2187, District Council 47	9/1/2021-8/31/2025	151	138
International Union of Painters and Allied Trades District Council 21, Local 252	5/1/2022-4/30/2026	36	34
Teamsters Union Local 115	6/1/2022-5/31/2026	48	45
Transport Workers Union of America, Local 700	1/15/2018-1/14/2022 (Still Operating)	27	24

The number of employees covered in collective bargaining agreements represents 68.09% and 71.90% of the Authority’s employees as of March 31, 2024 and 2023, respectively.

Participants in Teamsters Union Local No. 115 and International Union of Painters and Allied Trades District Council 21, Local 252 receive health and welfare benefits through the Authority. Participants in AFSCME District Council 33 and AFSCME Locals 2186 and 2187, District Council 47 have the option to participate in the union plan or receive health and welfare benefits through the Authority. Participants in Transport Workers Union of America, Local 700 receive health and welfare benefits through the union. For benefits received through a union, the Authority contributes to the plan in accordance with notice from the union administrators. These benefits are funded as incurred and there are no balances payable for union health and welfare benefits as of the year ended March 31, 2024.

Participants in AFSCME District Council 33, AFSCME Locals 2186 and 2187, District Council 47 and International Union of Painters and Allied Trades District Council 21, Local 252 receive retirement benefits through the Authority in the City of Philadelphia Municipal Pension. Participants in the Transport Workers Union of America, Local 700 receive retirement benefits through a defined contribution plan in which the Authority matches a portion of the employee contribution. Participants in the Teamsters Union Local No. 115 receive retirement benefits through a defined benefit pension plan through a self-sponsored, cost- sharing, multiemployer, defined benefit pension plan that provides benefits to both governmental and nongovernmental employees and whose are held in a trust.

NOTE 13 COLLECTIVE BARGAINING AGREEMENTS (CONTINUED)

Employees in Teamsters Union Local No. 115 participate in the Teamsters Local Union No. 115 Pension Plan (the Local 115 Plan). Under current provisions of the Local 115 Plan, a participant is eligible for a normal retirement pension upon attaining age 65 with five years of vesting service, for an early retirement pension upon attaining age 55 with five years of vesting service and for a disability retirement pension upon total and permanent disability with five years of vesting service. For a participant whose employer contributes on a weekly basis, the minimum normal retirement benefit is $200. A $3,000 death benefit is payable upon the death of a retiree to his or her beneficiary. Amendments to the Local 115 Plan require approval from the board of trustees of the Local 115 Plan's trust. There is no minimum contribution for future periods' requirement under the Local 115 Plan; however, a withdrawal liability would be assessed if the Authority employees were to exit the Local 115 Plan. The annual reports of the Local 115 Plan are available on the Department of Labor employee benefits security administration website.

Pursuant to a collective bargaining agreement, the Authority contributes to the plan at agreed upon rates based on the weeks participants are employed. Effective June 1, 2021, the Authority contributed $172.95 per week for participating employees. Effective June 1, 2022, the Authority contributed $185.75 per week for participating employees. The contribution rates to the Local 115 Plan are subject to review and approval by the Local 115 Plan actuary.

The Authority contributed $711,882 to the Local 115 Plan for the years ended March 31, 2024. The Authority reported $-0- payable to the Local 115 Plan as of March 31, 2024.

A schedule of Authority's required contributions and actual contributions to the Local 115 Plan for the last 10 years is as follows:

Year Ending March 31,	Teamsters Union Local 115 Pension Plan Required Contributions	Authority's Contributions to Teamsters Union Local 115 Pension Plan
2024	$ 711,882	$ 711,882
2023	595,657	595,657
2022	591,051	591,051
2021	584,943	584,943
2020	572,667	572,667
2019	535,159	535,159
2018	624,210	624,210
2017	506,205	506,205
2016	491,212	491,212
2015	615,010	615,010

NOTE 14 COMMITMENTS

In Fiscal Year 2024, the PARS Revenue Control System went operational with a total of $1,552,379 spent to complete the project. The PARS Revenue Control System affects six garages located at: 2nd & Sansom, Independence Mall, 8th & Filbert, Market Street East, 10th & Ludlow and the Family Court Garage. The PARCS system went fully operations in early fiscal year 2025.

NOTE 15 SERVICE AGREEMENTS

In April 2019, the Authority entered into a seven-year commitment with Duncan Solutions to administer the collection of On-Street parking revenues that includes meters, towing, ticket collection and all On-Street related activities. The contract, totaling $25,643,981, cost $4,932,051 during FY 2024.

There is also a contract initiated with Verra Mobility to oversee and administer the Speed Camera Enforcement program which commenced operations on August 1, 2020, at a price of $2,995 per camera deployed along the Route 1 corridor. As of March 31, 2024, a total of 40 cameras at 10 sites were installed for the Speed Camera program. During FY 2024, the contract cost $381,032.

The Authority maintains contracts with Conduent and Verra Mobility that supports the Red Light Camera Enforcement program and represents the rental and operation of the cameras installed at sites throughout Philadelphia. The contracts for both vendors will expire in 2027. The 146 cameras at 34 intersections were divided among the two vendors. During FY 2024, the contracts cost $4,219,593.

In addition, there was a contract in place with OSP, Inc., making them responsible for maintaining the Revenue Control Equipment at the Philadelphia International Airport. This contract expired December 31, 2023.

NOTE 16 LITIGATION

The Authority is involved in various lawsuits arising in the normal course of business. It is the Authority's solicitor's opinion that the aggregate amount of potential claims not covered by insurance resulting from actions against the Authority would not materially affect the financial position of the Authority at March 31, 2024. The Authority does not record contingent claims receivable resulting from litigation matters where the Authority is the plaintiff.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR PENSION PLAN – LAST TEN YEARS

Schedule of Employer's Proportionate Share of the Net Pension Liability

Fiscal Year Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2023	0.64 %	$ 30,990,774	$ 50,256,609	61.67%	61.72 %
June 30, 2022	0.76	41,300,623	46,531,189	88.76	56.08
June 30, 2021	1.35	64,709,824	45,805,659	141.27	60.77
June 30, 2020	1.53	94,867,659	46,250,585	205.12	48.26
June 30, 2019	1.99	121,109,118	43,572,630	277.95	48.31
June 30, 2018	2.14	123,024,781	41,258,874	319.99	46.40
June 30, 2017	2.63	166,146,127	42,822,441	387.99	43.55
June 30, 2016	3.22	209,757,356	41,025,610	511.28	40.07
June 30, 2015	2.47	145,553,735	37,986,088	383.20	44.19

Schedule of Employer Contributions for Pension Plan

Fiscal Year Ending	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	$ 7,626,186	$ 13,378,641	$ (5,752,455)	$ 50,256,609	26.62%
June 30, 2022	9,941,728	12,603,756	(2,662,028)	46,531,189	27.09
June 30, 2021	14,954,729	17,497,905	(2,543,177)	45,805,659	38.20
June 30, 2020	16,553,719	18,831,170	(2,277,451)	46,250,585	40.72
June 30, 2019	19,023,431	22,710,517	(3,687,086)	43,572,630	52.12
June 30, 2018	19,859,042	23,484,740	(3,625,698)	41,258,874	56.92
June 30, 2017	22,250,692	24,958,321	(2,707,630)	42,822,441	58.28
June 30, 2016	25,345,907	28,126,464	(2,780,556)	41,025,610	68.56
June 30, 2015	18,390,598	19,090,652	(700,054)	37,986,088	50.30

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, for the year ended March 31, 2016, to conform with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015, is not available for reporting.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS – LAST TEN YEARS

	2024	2023	2022	2021	2020	2019
Total OPEB Liability:						
Service Cost	$ 1,883,453	$ 1,853,461	$ 1,582,758	$ 1,525,431	$ 1,196,302	$ 1,363,719
Interest Cost	2,742,249	2,902,620	2,724,765	2,654,752	1,635,090	1,767,609
Changes of Assumptions	4,589,629	(3,151,349)	1,685,475	163,463	13,890,864	(35,739)
Difference in Expected and Actual Experiences	(3,351,859)	(1,629,925)	971,632	-	2,475,293	(126,343)
Changes of Benefit Terms	3,595,242	956,908	-	-	-	(2,694,712)
Net Benefit Payments	(2,783,222)	(4,485,886)	(4,056,291)	(2,411,889)	(2,652,726)	(1,978,803)
Net Change in Total OPEB Liability	6,675,492	(3,554,171)	2,908,339	1,931,757	16,544,823	(1,704,269)
Total Pension Liability – Beginning	45,212,305	48,766,477	45,858,138	43,926,381	27,381,558	29,085,827
Total Pension Liability – Ending (A)	$ 51,887,797	$ 45,212,306	$ 48,766,477	$ 45,858,138	$ 43,926,381	$ 27,381,558
Plan Fiduciary Net Position:						
Employer Contributions	$ 2,783,222	$ 2,720,409	$ 4,056,291	$ 2,411,889	$ 11,659,159	$ 17,886,394
Net Investment Income	4,002,011	(2,262,912)	354,598	6,112,973	(1,248,027)	913,556
Net Benefit Payments	(2,783,222)	(4,485,886)	(4,056,291)	(2,411,889)	(2,652,726)	(1,978,803)
Net Change in Plan Fiduciary Net Position	4,002,011	(4,028,389)	354,598	6,112,973	7,758,406	16,821,147
Plan Fiduciary Net Position – Beginning	27,018,734	31,047,124	30,692,526	24,579,553	16,821,147	-
Plan Fiduciary Net Position – Ending (B)	$ 31,020,745	$ 27,018,735	$ 31,047,124	$ 30,692,526	$ 24,579,553	$ 16,821,147
Authority's Net OPEB Liability - ending (A) – (B)	$ 20,867,052	$ 18,193,571	$ 17,719,353	$ 15,165,612	$ 19,346,828	$ 10,560,411
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	59.78%	59.76 %	63.66 %	66.93 %	55.96 %	61.43 %
Covered Payroll	$ 59,875,219	$ 46,233,251	$ 46,233,251	$ 45,540,039	$ 45,047,674	$ 24,316,907
Money-Weighted Rate of Return	14.85 %	(12.98)%	1.16 %	24.87 %	(5.32)%	7.65 %

Notes to Schedule:

See note disclosures on the following page

* This schedule is present to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS PLAN – LAST TEN YEARS

	2024	2023	2022	2021	2020	2019
Actuarially Determined Contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in Relation to the Actuarially Determined Contribution	2,783,222	2,720,409	4,056,291	24,118,889	11,659,159	17,886,394
Contribution Excess (Deficiency)	$ 2,783,222	$ 2,720,409	$ 4,056,291	$ 24,118,889	$ 11,659,159	$ 17,886,394
Covered Payroll	$ 59,875,219	$ 46,233,251	$ 46,233,251	$ 45,540,039	$ 45,047,674	$ 24,316,907
Contributions as a Percentage of Covered Payroll	4.65%	5.88 %	8.77 %	5.30 %	25.80 %	73.56 %
Notes to Schedule:						
Valuation Date:	April 1, 2024	April 1, 2022	April 1, 2022	April 1, 2020	April 1, 2020	April 1, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Amortization Period	Five Years
Asset Valuation Method	Market Value as of March 31
Inflation	2.50% per Year
Healthcare Cost Trend Rates	7.00% Initial, Decreasing .25% to .50% per Year to an Ultimate Rate of 4.50%
Salary Increases	3.00% per Year
Discount Rate	6.00%
Retirement Age	Assume rates are based on those used for the City of Philadelphia Municipal Retirement System July 1, 2022, pension actuarial valuation. Retirement Rates project the annual probability of retiring during the next year for eligible employees.
Mortality	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement

* This schedule is present to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
COMBINING STATEMENTS OF NET POSITION
MARCH 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF MARCH 31, 2023)

		Legislatively Mandated Administrative and Enforcement Programs		
	On-Street	Taxi and Limousine Division	Red Light Camera Enforcement	Speed Camera Enforcement
ASSETS				
Cash and Cash Equivalents	8,526,227	$ 5,872,357	$ -	$ 314,334
Investments	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Accounts Receivable	50,060,356	-	21,156,540	19,842,495
Leases Receivable	-	-	-	-
Prepaid Expenses	84,000	-	-	-
Total Current Assets	58,670,583	5,872,357	21,156,540	20,156,829
Restricted Cash and Cash Equivalents	7,469,386	-	9,099,633	4,242,475
Noncurrent Assets				
Leases Receivable	-	-	-	-
Property and Equipment:				
Land	-	-	-	-
Construction-In-Progress	1,400,566	-	-	-
Parking Facilities and Improvements	3,408,971	1,082,998	-	-
Improvements, Equipment, and Furniture	47,248,609	342,360	647,152	-
Right-of-Use Asset	-	-	-	-
Subscription-Based Information Technology Arrangements	-	-	-	-
Less: Accumulated Depreciation	(35,366,079)	(1,351,433)	(647,152)	-
Total Property and Equipment	16,692,067	73,925	-	-
Total Noncurrent Assets	16,692,067	73,925	-	-
Total Assets	82,832,036	5,946,282	30,256,173	24,399,304
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows for Pension	15,500,727	695,255	37,294	37,293
Deferred Outflows for OPEB	9,095,678	518,794	236,080	236,080
Total Deferred Outflows of Resources	24,596,405	1,214,049	273,374	273,373
Total Assets and Deferred Outflows of Resources	$ 107,428,441	$ 7,160,331	$ 30,529,547	$ 24,672,677
LIABILITIES				
Accounts Payable and Accrued Expenses	6,911,600	$ 374,214	$ 1,787,833	$ 244,810
Accrued Interest Payable	-	-	-	-
Leases Payable	-	-	-	-
Subscription-Based Information Technology Arrangements Payable	-	-	-	-
Due to The City of Philadelphia	3,205,265	-	-	-
Due to The School District of Philadelphia	7,174,560	-	-	-
Due to The Pennsylvania Department of Transportation	-	-	16,049,212	8,746,212
Current Portion of Revenue Bonds	-	-	-	-
Due to (from) other funds	17,132,210	(61,781)	(3,479,440)	(1,675,069)
Total Current Liabilities	34,423,635	312,433	14,357,605	7,315,953
Revenue Bonds Payable	4,800,000	-	-	-
Leases Payable	-	-	-	-
Subscription-Based Information Technology Arrangements Payable	-	-	-	-
Accrued Claims Payable	-	-	-	-
Net Other Postemployment Benefits (OPEB) Liability	28,145,472	1,436,409	593,080	673,902
Net Pension Liability	18,033,533	808,860	43,386	57,820
Total Long-Term Liabilities	50,979,005	2,245,269	636,466	731,722
Total Liabilities	85,402,640	2,557,702	14,994,071	8,047,675
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for Pension	18,192,866	816,006	43,771	43,771
Deferred Inflows for OPEB	4,651,752	265,325	120,738	120,738
Deferred Inflows for Leases	-	-	-	-
Total Deferred Inflows of Resources	22,844,618	1,081,331	164,509	164,509
Total Liabilities and Deferred Inflows of Resources	$ 108,247,258	$ 3,639,033	$ 15,158,580	$ 8,212,184
NET POSITION				
Net Investment in Capital Assets	$ 11,892,067	$ 73,925	$ -	$ -
Restricted	-	-	-	-
Unrestricted	(12,710,884)	3,447,373	15,370,967	16,460,493
Total Net Position	$ (818,817)	$ 3,521,298	$ 15,370,967	$ 16,460,493

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
COMBINING STATEMENTS OF NET POSITION (CONTINUED)
MARCH 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF MARCH 31, 2023)

	Airport	General Operations	2024	2023
ASSETS				
Cash and Cash Equivalents	$ 2,576,378	$ 21,954,128	$ 39,243,424	$ 38,816,296
Investments	-	20,132,472	20,132,472	16,340,722
Accrued Interest Receivable	-	41,005	41,005	39,033
Accounts Receivable	-	164,403	91,223,794	84,582,610
Leases Receivable	-	287,569	287,569	321,307
Prepaid Expenses	-	96,221	180,221	406,565
Total Current Assets	2,576,378	42,675,798	151,108,485	140,506,533
Restricted Cash and Investments	15,198,970	16,381,996	52,392,460	58,005,489
Noncurrent Assets				
Leases Receivable	-	8,563,442	8,563,442	8,851,011
Property and Equipment:				
Land	-	18,027,762	18,027,762	18,027,762
Construction-In-Progress	-	4,370,079	5,770,645	3,196,767
Parking Facilities and Improvements	-	65,290,684	69,782,653	69,782,653
Improvements, Equipment, and Furniture	-	15,128,523	63,366,644	60,934,529
Right-of-Use Asset	-	62,254,638	62,254,638	62,254,638
Subscription-Based Information Technology Arrangements	-	9,413,748	9,413,748	8,643,852
Less: Accumulated Depreciation	-	(50,982,904)	(88,347,568)	(76,452,891)
Total Property and Equipment	-	123,502,530	140,268,522	146,387,310
Total Noncurrent Assets	-	132,065,972	148,831,964	155,238,321
Total Assets	17,775,348	191,123,766	352,332,909	353,750,343
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows for Pension	1,062,861	9,304,699	26,638,129	25,814,512
Deferred Outflows for OPEB	2,088,841	707,243	12,882,716	13,637,454
Total Deferred Outflows of Resources	3,151,702	10,011,942	39,520,845	39,451,966
Total Assets and Deferred Outflows of Resources	$ 20,927,050	$ 201,135,708	$ 391,853,754	$ 393,202,309
LIABILITIES				
Accounts Payable and Accrued Expenses	$ 3,045,585	$ 11,510,577	$ 23,874,619	$ 22,332,625
Accrued Interest Payable	-	144,858	144,858	152,317
Leases Payable	-	1,607,190	1,607,190	1,603,868
Subscription-Based Information Technology Arrangements Payable	-	2,423,788	2,423,788	2,123,129
Due to The City of Philadelphia	5,588,474	2,597,445	11,391,184	13,415,478
Due to The School District of Philadelphia	-	-	7,174,560	7,881,061
Due to The Pennsylvania Department of Transportation	-	-	24,795,424	11,581,820
Current Portion of Revenue Bonds	-	3,431,943	3,431,943	3,381,944
Due to (from) other funds	2,501,743	(14,417,663)	-	-
Total Current Liabilities	11,135,802	7,298,138	74,843,566	62,472,242
Revenue Bonds Payable	-	18,450,319	23,250,319	26,682,262
Leases Payable	-	57,453,296	57,453,296	59,060,487
Subscription-Based Information Technology Arrangements Payable	-	2,577,579	2,577,579	4,469,423
Accrued Claims Payable	-	8,411,611	8,411,611	6,768,589
Net Other Postemployment Benefits (OPEB) Liability	4,537,366	(14,519,177)	20,867,052	18,193,573
Net Pension Liability	1,236,532	10,810,643	30,990,774	41,300,623
Total Long-Term Liabilities	5,773,898	83,184,271	143,550,631	156,474,957
Total Liabilities	16,909,700	90,482,409	218,394,197	218,947,199
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for Pension	1,247,458	10,920,722	31,264,594	44,177,009
Deferred Inflows for OPEB	1,068,285	361,701	6,588,539	4,229,923
Deferred Inflows for Leases	-	8,676,926	8,676,926	9,097,375
Total Deferred Inflows of Resources	2,315,743	19,959,349	46,530,059	57,504,307
Total Liabilities and Deferred Inflows of Resources	$ 19,225,443	$ 110,441,758	$ 264,924,256	$ 276,451,506
NET POSITION				
Net Investment in Capital Assets	$ -	$ 49,547,560	$ 61,513,552	$ 55,731,197
Restricted	-	4,683,485	4,683,485	4,289,107
Unrestricted	1,701,607	36,462,905	60,732,461	56,730,499
Total Net Position	$ 1,701,607	$ 90,693,950	$ 126,929,498	$ 116,750,803

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED MARCH 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023)

		Legislatively Mandated Administrative and Enforcement Programs		
	On-Street	Taxi and Limousine Division	Red Light Camera Enforcement	Speed Camera Enforcement
OPERATING REVENUES				
Charges for Services	$ 156,402,476	$ 5,773,422	$ 37,279,471	$ 25,715,713
OPERATING EXPENSES				
Direct Operating Expenses	79,366,878	4,283,951	7,881,802	2,918,417
Administrative Expenses	20,826,026	936,783	1,678,180	511,216
Expense to the City of Philadelphia	45,519,960	-	-	-
Expense to the School District of Philadelphia	7,174,560	-	-	-
Expense to the Pennsylvania Department of Transportation	-	-	28,258,932	22,679,367
Expense to the National Park Service	-	-	-	-
Expense to the Delaware River Port Authority	-	-	-	-
Depreciation and Amortization Expense	3,530,522	9,695	-	-
Total Operating Expenses	156,417,946	5,230,429	37,818,914	26,109,000
OPERATING INCOME	(15,470)	542,993	(539,443)	(393,287)
NONOPERATING REVENUES (EXPENSES)				
Investment (Loss) Income	489,449	69,938	50,118	142,839
Interest Expense	(309,480)	-	-	-
Total Nonoperating Expenses, Net	179,969	69,938	50,118	142,839
CHANGE IN NET POSITION	164,499	612,931	(489,325)	(250,448)
Net Position - Beginning of Year	(983,316)	2,908,367	15,860,292	16,710,941
NET POSITION - END OF YEAR	$ (818,817)	$ 3,521,298	$ 15,370,967	$ 16,460,493

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED MARCH 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023)

	Airport	General Operations	2024	2023
OPERATING REVENUES				
Charges for Services	$ 86,250,590	$ 20,815,796	$ 332,237,468	$ 304,487,899
OPERATING EXPENSES				
Direct Operating Expenses	16,428,625	(5,129,999)	105,749,674	100,227,284
Administrative Expenses	3,000,000	2,813,026	29,765,231	28,389,169
Expense to the City of Philadelphia	68,621,830	2,405,479	116,547,269	108,330,171
Expense to the School District of Philadelphia	-	-	7,174,560	7,881,061
Expense to the Pennsylvania Department of Transportation	-	-	50,938,299	32,662,260
Expense to the National Park Service	-	1,055,569	1,055,569	1,018,863
Expense to the Delaware River Port Authority	-	180,264	180,264	140,271
Depreciation and Amortization Expense	-	8,354,460	11,894,677	10,781,002
Total Operating Expenses	88,050,455	9,678,799	323,305,543	289,430,081
OPERATING INCOME	(1,799,865)	11,136,997	8,931,925	15,057,818
NONOPERATING REVENUES (EXPENSES)				
Investment (Loss) Income	598,808	2,590,320	3,941,472	2,547,771
Interest Expense	-	(2,385,222)	(2,694,702)	(2,610,191)
Total Nonoperating Expenses, Net	598,808	205,098	1,246,770	(62,420)
CHANGE IN NET POSITION	(1,201,057)	11,342,095	10,178,695	14,995,398
Net Position - Beginning of Year	2,902,664	79,351,855	116,750,803	101,755,405
NET POSITION - END OF YEAR	$ 1,701,607	$ 90,693,950	$ 126,929,498	$ 116,750,803

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
CENTER CITY GARAGE IMPROVEMENTS – DEBT SERVICE COVERAGE SCHEDULE
TAX-EXEMPT BOND OF DECEMBER 22, 2014, SERIES A AND B
YEARS ENDED MARCH 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Market Street East Garage	$ 2,366,752	$2,709,739
2nd and Samsom Garage	2,676,588	2,830,176
Independence Mall Garage	2,971,431	2,748,781
Family Court 15th and Arch St. Garage	1,031,603	1,028,965
8th and Filbert St. Garage	4,426,458	3,844,551
10th and Ludlow St. Garage	1,702,946	1,878,140
Total Operating Revenues	15,175,778	15,040,352
OPERATING EXPENSES		
Direct Operating Expense	5,645,271	6,081,993
Administrative Expenses	1,812,006	1,744,236
Expense to the City of Philadelphia	751,399	690,614
Expense to the National Park Service	963,670	1,018,863
Total Operating Expenses	8,208,676	9,535,706
OPERATING INCOME, NET	$ 6,967,102	$ 5,504,646
Debt Service	$ 1,538,968	$ 1,600,222
Debt Service Coverage Ratio	4.53	3.66
Debt Service Coverage Requirement	1.20	1.20
Ratio Over	3.33	2.46

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
REFORMATTED STATEMENTS OF NET POSITION
MARCH 31, 2024 AND 2023
(IN THOUSANDS)

	2024	(Restated) 2023
ASSETS		
Cash and Cash Equivalents	$ 39,243	$ 38,816
Investments	20,132	16,341
Accounts Receivable	91,224	84,583
Current Portion of Leases Receivable	288	321
Other Current Assets	221	446
Prepaid to The City of Philadelphia	-	-
Restricted Cash and Investments	52,393	58,005
Noncurrent Portion of Leases Receivable	8,563	8,851
Capital Assets, Net	140,159	146,278
Total Assets	352,223	353,641
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension	26,638	25,815
Deferred Outflows for OPEB	12,883	13,637
Total Deferred Outflows of Resources	39,521	39,452
Total Assets and Deferred Outflows of Resources	$ 391,744	$ 393,093
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 23,875	$ 22,334
Accrued Interest Payable	145	152
Current Portion of Leases Payable	1,607	1,604
Current Portion of SBITA Payable	2,424	2,123
Due to the City of Philadelphia	11,391	13,415
Due to the School District of Philadelphia	7,175	7,881
Due to the Pennsylvania Department of Transportation	24,795	11,582
Current Portion of Other Long-Term Obligations	3,432	3,382
Noncurrent Portion of Other Long-Term Obligations	23,250	26,682
Noncurrent Portion of Leases Payable	57,453	59,060
Noncurrent of SBITA Payable	2,578	4,469
Accrued Claims Payable	8,412	6,769
Payable for Post-Retirement Benefits, Other Than Pensions	20,867	18,194
Net Pension Liability	30,991	41,301
Total Liabilities	218,395	218,948
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pension	31,265	44,177
Deferred Inflows for OPEB	6,588	4,230
Deferred Inflows for Leases	8,677	9,097
Total Deferred Inflows of Resources	46,530	57,504
Total Liabilities and Deferred Inflows of Resources	$ 264,925	$ 276,452
NET POSITION	$ 126,820	$ 116,641

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
REFORMATTED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED MARCH 31, 2024 AND 2023
(IN THOUSANDS)

	2024	(Restated) 2023
EXPENSES		
Operating Expenses	$ 105,749	$ 100,077
Expense to the City of Philadelphia	116,547	108,330
Expense to the School District of Philadelphia	7,175	7,881
Expense to the Pennsylvania Department of Transportation	50,938	32,662
Expense to the National Park Service	1,056	1,019
Expense to the Delaware River Port Authority	180	140
Interest Expense	2,695	2,610
Administrative Expenses	29,765	28,389
Depreciation and Amortization Expense	11,894	10,891
Total Operating Expenses	325,999	291,999
PROGRAM REVENUES		
Charges for Services	332,235	304,488
Net Program Revenues	6,236	12,489
GENERAL REVENUES		
Interest and Investment (Loss) Earnings	3,942	2,548
Other Loss	-	-
CHANGES IN NET POSITION	10,178	15,037
Net Position - Beginning of Year	116,642	101,605
NET POSITION - END OF YEAR	$ 126,820	$ 116,642

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Philadelphia Parking Authority
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of Philadelphia Parking Authority, ("the Authority"), a component unit of the City of Philadelphia, Pennsylvania as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Philadelphia Parking Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
December 10, 2024

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED MARCH 31, 2024

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ____x____ yes ________ no
   - Significant deficiency(ies) identified? ________ yes ____x____ none reported
3. Noncompliance material to financial statements noted? ________ yes ____x____ no

Section II – Financial Statement Findings

2024-001 – Financial Close Process

Material Weakness in Internal Control over Financial Reporting

Condition

Various adjusting journal entries were required to be made to the trial balance provided for audit. Many of the entries were from post-closing processes such as actuarial valuations, threshold changes and third-party reports that require journal entries well into the audit process. 1 entry was posted incorrectly resulting in an additional adjustment. Another entry contained incorrect amounts resulting in further adjustment and reconciliation. This would indicate that the financial close process is not functioning timely.

Criteria

Internal controls are critical to ensure accurate financial reporting. These would include, but are not limited to, reconciling statement of net position and balance sheet accounts monthly, a formal process of procedures and internal controls to ensure timely and accurate year-end financial statements and related notes and providing supporting audit documentation that reconciles to the trial balance under audit on a timely basis.

Effect

The potential effects of the above matters are that interim and year-end financial information may contain material errors and may not be produced on a timely basis. As a result, users of this financial information could make decisions based on financial results that may not be complete and accurate.

Cause

Various statement of net position and balance sheet accounts are not reconciled throughout the course of the fiscal year. Although the Authority has certain control policies or procedures in place that are intended to provide management of reasonable assurance over the financial close process they were not fully effective in providing timely records for the audit. This caused various reconciliation issues in completing a draft of the Authority’s financial statements and reconciliation of the related trial balance under audit.

Repeat Finding

No.

Recommendation

We recommend the Authority perform an assessment of the current controls, internal processes regarding third parties and vendors, and personnel within the accounting department and make changes and additions where needed to facilitate timely and accurate financial reporting.

Section II – Financial Statement Findings (Continued)

2024-001 – Financial Close Process (Continued)

Views of Responsible Officials

We understand that the comment speaks to the timing of the audit, but we respectfully disagree with the comment based on the following. We could have condensed any of the adjustments to far fewer entries, but the longer list was being done to make it clearer to the first year auditor. Many of the entries are from post-closing processes such as actuarial valuations, threshold changes and third-party reports that require journalizing well into the audit process. The internal controls are in place, they are effective, and they have consistently worked over the years. Accounts are corrected in a timely manner due to our primary, secondary and tertiary review process. Accounts are reconciled every month and monthly closings occur on time.

2024-002 – Accounts Payable

Material Weakness in Internal Control over Financial Reporting

Condition

Auditing procedures identified an error for amounts that were not properly recorded as a liability, resulting in an understatement of accounts payable and expense as of March 31, 2024.

Criteria

The Authority's internal controls must be able to prevent or detect a material misstatement in the financial statements. Internal controls are critical to ensure accurate financial reporting and should include controls to ensure that liabilities are complete and exist.

Effect

Journal entries were recorded to increase accounts payable and related expenses by approximately $1.1 million. Once the initial errors were identified, management revised the year-end cut off analysis of accounts payable and identified additional liabilities of approximately $594K, in addition to the journal entries noted above.

Cause

Although the Authority has certain control policies or procedures in place surrounding the proper cut off of accounts payable, it was noted that due a logic issue with the structured query language in the SmartList program that indicated a greater than 1APR24 but not equal to that specific date. As a result not all subsequent disbursements were captured.

Repeat Finding

No.

Recommendation

We recommend the Authority review its current policies and internal controls related to year-end cut off of liabilities and consider reviewing disbursements subsequent to year-end to ensure they are accounted for in the correct fiscal year.

Section II – Financial Statement Findings (Continued)

2024-002 – Accounts Payable (Continued)

Views of Responsible Officials

We recognize this comment as accurate, but we disagree with the contents of the comment. We ran our unrecorded liability process on 21JUN24, capturing most of the items paid after the fiscal year end but attributable to fiscal year 2024 per the expenses. Following a subsequent disbursement test requested by the auditors, it was found that checks dated 1APR24 were not on the list due to a logic error in the program. This was corrected by us and new entries were proposed by the Authority to ensure completeness. This is attributable to a system design that has been corrected for next fiscal year.