

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2024 AND 2023



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PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
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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 Philadelphia Parking Authority (the "Authority") - Philadelphia International Airport Division (the "Division") as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Division'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 financial position of the Division as of March 31, 2024, and the changes in financial position and its cash flows for the year 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 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.

Emphasis of Matter

As discussed in Note 2, the financial statements of the Division are intended to present the net position, the changes in net position, and cash flows of only that portion of the business-type and fiduciary activities of the Authority that is attributable to the transactions of the Division. They do not purport to, and do not present fairly, the financial position of the Authority as of March 31, 2024 and 2023, the changes in its net position, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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 opinion. 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 Division'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.

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.

Required Supplementary Information

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

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 Division'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 Division'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 Division's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Philadelphia, Pennsylvania
December 10, 2024

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
STATEMENTS OF NET POSITION
MARCH 31, 2024 AND 2023**

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,576,378	\$ 3,063,421
NONCURRENT CASH AND INVESTMENTS		
Restricted Cash and Investments	15,198,970	15,991,761
Total Assets	17,775,348	19,055,182
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pension	1,062,861	1,029,999
Deferred Outflows for OPEB	2,088,841	1,747,025
Total Deferred Outflows of Resources	3,151,702	2,777,024
Total Assets and Deferred Outflows of Resources	\$ 20,927,050	\$ 21,832,206
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	3,045,586	\$ 2,970,789
Due to the City of Philadelphia - Division of Aviation	5,588,474	6,853,276
Due (from) to Philadelphia Parking Authority Divisions	2,501,743	2,909,670
Total Current Liabilities	11,135,803	12,733,735
LONG-TERM LIABILITIES		
Net Other Post-Employment Benefits (OPEB) Liability	1,236,532	2,243,376
Net Pension Liability	4,537,366	1,647,895
Total Long-Term Liabilities	5,773,898	3,891,271
Total Liabilities	16,909,701	16,625,006
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pension	1,247,458	1,762,663
Deferred Inflows for OPEB	1,068,285	541,874
Total Deferred Inflows of Resources	2,315,743	2,304,537
Total Liabilities and Deferred Inflows of Resources	19,225,444	18,929,543
NET POSITION		
Unrestricted	\$ 1,701,606	\$ 2,902,663

See accompanying Notes to Financial Statements.

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED MARCH 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Charges for Services	\$ 86,250,590	\$ 79,337,694
OPERATING EXPENSES		
Direct Operating Expenses	16,428,625	14,813,217
Administrative Expenses	3,000,000	3,000,000
Expense to the City of Philadelphia - Division of Aviation	68,621,830	65,129,137
Depreciation and Amortization Expense	-	-
Total Operating Expenses	<u>88,050,455</u>	<u>82,942,354</u>
OPERATING INCOME (LOSS)	(1,799,865)	(3,604,660)
NONOPERATING REVENUES		
Investment Income	<u>598,808</u>	<u>197,799</u>
Net Nonoperating Revenues	<u>598,808</u>	<u>197,799</u>
CHANGE IN NET POSITION	(1,201,057)	(3,406,861)
Net Position - Beginning of Year	<u>2,902,663</u>	<u>6,309,524</u>
NET POSITION - END OF YEAR	<u>\$ 1,701,606</u>	<u>\$ 2,902,663</u>

See accompanying Notes to Financial Statements.

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Others	\$ 86,250,590	\$ 79,337,694
Salaries and Administrative Costs Paid to Employees	(5,052,540)	(8,052,664)
Payments to Suppliers for Services	(10,190,060)	(7,063,968)
Payments to the City of Philadelphia - Division of Aviation	(72,886,632)	(62,989,682)
Net Cash Provided (Used) by Operating Activities	(1,878,642)	1,231,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	598,808	197,799
Net Sale of Investments	-	-
Net Cash Used by Investing Activities	598,808	197,799
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,279,834)	1,429,179
Cash and Cash Equivalents - Beginning of Year	19,055,182	17,626,003
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,775,348	\$ 19,055,182
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (1,799,865)	\$ (3,604,660)
Change in Assets and Liabilities		
Accounts Payable and Other Accrued Expenses	74,797	430,723
Net Pension Liability and Related Items	2,889,471	(934,027)
Deferred Outflows related to Net Pension Liability	(32,862)	5,782
Deferred Inflows related to Net Pension Liability	(515,205)	242,329
Net OPEB Liability and Related Items	(1,006,844)	(737,234)
Deferred Outflows related to Net OPEB Liability	(341,816)	80,942
Deferred Inflows related to Net OPEB Liability	526,411	438,558
Due to PPA Divisions	(407,927)	3,169,512
Due to the City of Philadelphia - Division of Aviation	(1,264,802)	2,139,455
Net Cash Provided (Used) by Operating Activities	\$ (1,878,642)	\$ 1,231,380

See accompanying Notes to Financial Statements.

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

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.

Philadelphia International Airport, the only major airport serving the nation's 7th largest metropolitan area, is a large hub airport serving over 25 million passengers annually. The Authority's Philadelphia International Airport Division (the Division) owned and operated many parking facilities in and around Philadelphia International Airport. The Authority leased land for these facilities from the City of Philadelphia under long-term land leases through January 2022. The revenue was pledged for the payment of debt service under September 5, 2008 and December 10, 2009, trust indentures. Payment for these land leases equaled to parking revenues after deducting all expenses and debt service requirements as defined by the governing trust indentures.

In January 2022, the Authority transferred the parking facilities and other assets to the City of Philadelphia and signed a provider agreement with the City of Philadelphia to render various professional services at the airport commencing January 26, 2022 through November 30, 2022. The service agreement may be extended through June 30, 2024. The City, at its sole option, may amend the contract to add one or more terms.

The Authority as a whole 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 financial statements include only the assets, liabilities, revenues and expenses pertaining to the Division, and are not intended to be a complete presentation of financial position or results of operations of the Authority as contemplated by accounting principles generally accepted in the United States of America.

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.

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

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 non-operating revenues or expenses.

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 post-employment benefit plans. The specific items reported can be found in the following footnotes. Additionally, contributions made subsequent to the plan's fiscal year end and within the Authority's fiscal year are reported as deferred outflows.

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.

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources (Continued)

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

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, investing activities and any state, local and federal appropriations are components of non-operating revenue.

Expense to the City of Philadelphia – Division of Aviation

The Authority recognizes expense to the City of Philadelphia - Division of Aviation consistent with the terms of the Provider Agreement, Contract 2220577. The agreement requires any amounts in the operating account in excess of \$3,000,000 to be transferred to the City.

Administrative Expenses

Pursuant to an agreement with the City of Philadelphia and Federal Aviation Administration, administrative expenses of the Authority 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.

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

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

The Authority is authorized to invest by the Commonwealth of Pennsylvania 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, 2024 and 2023 are comprised of the following:

	<u>2024</u>	<u>2023</u>
Cash on Hand	\$ 33,500	\$ 35,500
Demand Deposits	8,131,352	9,881,197
Cash Equivalents	<u>9,610,496</u>	<u>9,138,485</u>
Total Cash and Cash Equivalents	<u>\$ 17,775,348</u>	<u>\$ 19,055,182</u>

The cash and cash equivalent balances as of March 31, 2024 and 2023 are classified in the Statements of Net Position as follows:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents (Unrestricted)	\$ 2,576,378	\$ 3,063,421
Restricted Cash and Cash Equivalents	<u>15,198,970</u>	<u>15,991,761</u>
Total Cash and Cash Equivalents	<u>\$ 17,775,348</u>	<u>\$ 19,055,182</u>

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

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

At March 31, 2024 and 2023, the carrying amount of the Authority's demand deposits with financial institutions was \$8,131,352 and \$9,881,197, respectively, compared to bank balances of \$6,696,509 and \$9,126,584, respectively. The differences are primarily caused by items in-transit and outstanding checks. The 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, \$250,000 of the Authority's bank balance was insured by the FDIC with remaining balances being collateralized by securities pledged and held by the financial institution in accordance with Act 72. At March 31, 2024 and 2023, none of the balances were 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.

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 U.S. government are not considered a credit risk.

The Authority has no exposure to foreign currency risk.

The cash equivalents consist of money market funds. 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.

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

NOTE 4 RESTRICTED CASH, INVESTMENTS AND NET POSITION

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

	2024	2023
Restricted for Airport Escrow Agent	9,610,496	\$ 9,138,485
Restricted for the City of Philadelphia - Division of Aviation	5,588,474	6,853,276
Total Restricted Cash and Investments	\$ 15,198,970	\$ 15,991,761

NOTE 5 OTHER POST-EMPLOYMENT BENEFITS (OTHER THAN PENSIONS)

Plan Description

The Authority self-administers its single-employer, other post-employment benefit Division (OPEB plan). After ten years of service with the Authority, eligible employees become entitled to five years of Authority provided post-employment health and welfare benefits. Eligible employees include those employees who are either (a) regular, full-time, non-represented employees, or (b) employees represented by District Council 21, District Council 33, or District Council 47. Further, at time of retirement, employees are permitted to purchase additional benefits with accumulated sick leave. The Authority does not issue standalone financial statements for the OPEB plan.

Effective January 1, 2014, The Philadelphia Parking Authority will reimburse eligible retirees for their portion of Medicare Part B Premiums on a quarterly basis. Eligible retirees include those who are covered by the extension of health care benefits.

The employees of the Philadelphia Parking Authority - Philadelphia International Airport Division are part of a larger group of employees included in this Plan. Please see the Philadelphia Parking Authority's entity wide financial statements for additional information related to the OPEB Plan.

NOTE 6 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.

The employees of the Philadelphia Parking Authority - Philadelphia International Airport Division are part of a larger group of employees included in this Plan. Please see The Philadelphia Parking Authority's entity wide financial statements for additional information related to the Pension Plan.

**PHILADELPHIA PARKING AUTHORITY -
PHILADELPHIA INTERNATIONAL AIRPORT DIVISION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024 AND 2023**

NOTE 7 PROVIDER AGREEMENT

In October 2023, the City of Philadelphia - Division of Aviation extended the Authority's Provider agreement that continues Authority parking operations at the Philadelphia International Airport. The extension is valid through October 31, 2024. Pursuant to the sunseting of the previous agreement, the Authority and the Division of Aviation agreed to a new contract, which was executed in August 2024 and extended the contract term through June 30, 2025. The City may add or amend more years to the contract at its sole discretion, according to the agreement.



**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 Philadelphia Parking Authority (the "Authority") - Philadelphia International Airport Division (the "Division"), as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Division'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 Division'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 Division's internal control. Accordingly, we do not express an opinion on the effectiveness of the Division'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Divisions' 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*.

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



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.