

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

FINANCIAL REPORT

MARCH 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Philadelphia Parking Authority
Philadelphia, Pennsylvania

Opinions

We have audited the financial statements of the of the Philadelphia Parking Authority - Philadelphia International Airport Division (the "Division") as of and for the year ended March 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Division's financial statements as listed in the Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Philadelphia Parking Authority - Philadelphia International Airport Division, as of March 31, 2023 and 2022, and the respective changes in financial position, and where applicable, cash flows thereof 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 (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Philadelphia Parking Authority - Philadelphia International Airport Division 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Division are intended to present the net position and the revenues, expenses and change in net position of only that portion of the activities of the Philadelphia Parking Authority (the "Authority") that is attributable to the transactions of the Division. They do not purport to, and do not present fairly, the net position of the Authority as of March 31, 2023 and 2022, and the changes in its net position 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.

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 Division 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.

Auditor's 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 auditor's 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 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 Philadelphia Parking Authority - Philadelphia International Airport 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Philadelphia Parking Authority - Philadelphia International Airport Division'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023 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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Boyer & Ritten". The signature is written in a cursive style with a large, sweeping flourish at the end of the word "Ritten".

Camp Hill, Pennsylvania
October 17, 2023

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

**STATEMENTS OF NET POSITION
March 31, 2023 and 2022**

	2023	2022
Assets		
Cash and cash equivalents	\$ 3,063,421	\$ 3,967,655
Total current assets	3,063,421	3,967,655
Restricted cash and investments	15,991,761	13,658,348
Total assets	19,055,182	17,626,003
Deferred Outflows of Resources		
Deferred outflows for pension	1,029,999	1,035,781
Deferred outflows for OPEB	1,747,025	1,827,967
Total deferred outflows of resources	2,777,024	2,863,748
Total assets and deferred outflows	\$ 21,832,206	\$ 20,489,751
Liabilities		
Accounts payable and accrued expenses	\$ 2,970,789	\$ 2,540,066
Due to the City of Philadelphia - Division of Aviation	6,853,276	4,713,821
Due (from) to PPA Divisions	2,909,670	(259,842)
Total current liabilities	12,733,735	6,994,045
Net other post-employment benefits (OPEB) liability	2,243,376	2,980,610
Net pension liability	1,647,895	2,581,922
Total long-term liabilities	3,891,271	5,562,532
Total liabilities	16,625,006	12,556,577
Deferred Inflows of Resources		
Deferred inflows for pension	1,762,663	1,520,334
Deferred inflows for OPEB	541,874	103,316
Total deferred inflows of resources	2,304,537	1,623,650
Total liabilities and deferred inflows	\$ 18,929,543	\$ 14,180,227
Net Position		
Unrestricted	2,902,663	6,309,524
Total net position	\$ 2,902,663	\$ 6,309,524

See Notes to Financial Statements.

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

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended March 31, 2023 and 2022**

	2023	2022
Operating Revenues	<u>\$ 79,337,694</u>	<u>\$ 54,653,237</u>
Operating Expenses		
Direct operating expenses	14,813,217	13,731,990
Administrative expenses	3,000,000	3,328,666
Expense to the City of Philadelphia - Division of Aviation	65,129,137	23,381,687
Depreciation and amortization expense	-	7,404,357
Total operating expenses	<u>82,942,354</u>	<u>47,846,700</u>
Operating income (loss)	(3,604,660)	6,806,537
Nonoperating Revenues (Expenses)		
Investment income	197,799	260,637
Interest expense	-	(2,169,274)
Loss on asset transfer to City of Philadelphia	-	(33,463,795)
Total nonoperating revenues (expenses) - net	<u>197,799</u>	<u>(35,372,432)</u>
Change in net position	(3,406,861)	(28,565,895)
Net Position:		
Beginning	6,309,524	34,875,419
Ending	<u>\$ 2,902,663</u>	<u>\$ 6,309,524</u>

See Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash received from customers and others	\$ 79,337,694	\$ 54,653,237
Salaries and administrative costs paid to employees	(8,052,664)	(7,308,598)
Payments to suppliers for services	(7,063,968)	(18,852,112)
Payments to the City of Philadelphia - Division of Aviation	(62,989,682)	(2,572,513)
Net cash provided by operating activities	1,231,380	25,920,014
Cash Flows From Capital and Related Financing Activities		
Proceeds from City of Philadelphia in Airport Settlement	-	38,000,000
Proceeds from issuance of bonds and notes payable	-	53,802,368
Principal paid on revenue bonds and notes payable	-	(128,370,081)
Interest paid on revenue bonds and notes payable	-	(2,100,861)
Net cash used in capital and related financing activities	-	(38,668,574)
Cash Flows From Investing Activities		
Investment income	197,799	292,787
Net sale of investments	-	23,478,390
Net cash provided by investing activities	197,799	23,771,177
Net change in cash and cash equivalents	1,429,179	11,022,617
Cash and Cash Equivalents:		
Beginning (including restricted cash - see Note 3)	17,626,003	6,603,386
Ending (including restricted cash - see Note 3)	\$ 19,055,182	\$ 17,626,003

(Continued)

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

**STATEMENTS OF CASH FLOWS (Continued)
Years Ended March 31, 2023 and 2022**

	2023	2022
Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ (3,604,660)	\$ 6,806,537
to net cash provided by operating activities		
Depreciation	-	7,404,357
Operating costs due to City of Philadelphia used to payoff debt	-	16,128,198
Change in assets and liabilities:		
Accounts payable and other accrued expenses	430,723	583,968
Net pension liability and related items	(685,916)	(966,016)
Net OPEB liability and related items	(217,734)	(33,958)
Due to PPA Divisions	3,169,512	(8,684,048)
Due to the City of Philadelphia - Division of Aviation	2,139,455	4,680,976
Net cash provided by operating activities	\$ 1,231,380	\$ 25,920,014
Supplemental Disclosure		
Noncash capital and related financing activity:		
Loss on transfer of net book value of airport assets	\$ -	\$ 87,050,191

See Notes to Financial Statements.

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

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.

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 Statements of Net Position and Revenues, Expenses and Changes in Net Position include all fund activity of the Authority.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

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

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 five to forty years.

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 the difference between the reacquisition price and the net carrying amount of the old debt as the deferred amount of refunding as a deferred outflow of resources. The deferred amount of refunding is amortized over the life of the new debt.

The Authority reports the difference between the expectation of the actuarial valuation of the net pension liability and the actual result in the prior pension plan fiscal year as a deferred outflow or deferred inflow, based on the differences in actual results. Additionally, contributions made subsequent to the plan's fiscal year end and within the Authority's fiscal year are reported as deferred outflows.

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.

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 post-employment benefit plans. The specific items reported can be found in the following footnotes.

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

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

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 Non-Operating 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.

Subsequent Events: Subsequent events were evaluated through October 17, 2023, the date the financial statements were available to be issued. See Note 11.

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

NOTES TO FINANCIAL STATEMENTS

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, 2023 and 2022, are comprised of the following:

	2023	2022
Cash on hand	\$ 35,500	\$ 31,000
Demand deposits	9,881,197	8,650,476
Cash equivalents	9,138,485	8,944,527
Total cash and cash equivalents	<u>\$ 19,055,182</u>	<u>\$ 17,626,003</u>

The cash and cash equivalent balances as of March 31, 2023 and 2022, are classified in the Statements of Net Position as follows:

	2023	2022
Cash and cash equivalents (unrestricted)	\$ 3,063,421	\$ 3,967,655
Restricted cash and cash equivalents	15,991,761	13,658,348
Total cash and cash equivalents	<u>\$ 19,055,182</u>	<u>\$ 17,626,003</u>

**THE PHILADELPHIA PARKING AUTHORITY -
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NOTES TO FINANCIAL STATEMENTS

**Note 3. Cash, Cash Equivalents, Investments and Fair Value of Financial Instruments
(Continued)**

At March 31, 2023 and 2022, the carrying amount of the Authority's demand deposits with financial institutions was \$9,919,697 and \$8,650,476, respectively, compared to bank balances of \$9,126,584 and \$8,243,668, 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, 2023 and 2022, \$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, 2023 and 2022, \$-0- 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.

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 PHILADELPHIA PARKING AUTHORITY -
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NOTES TO FINANCIAL STATEMENTS

**Note 3. Cash, Cash Equivalents, Investments and Fair Value of Financial Instruments
(Continued)**

Investment Type	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents				
U.S. government mutual fund	\$ 9,138,485	\$ -	\$ -	\$ 9,138,485
Total	<u>\$ 9,138,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,138,485</u>

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 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.

Note 4. Restricted Cash, Investments and Net Position

Restricted cash and investments consist of the following at March 31, 2023 and 2022:

	2023	2022
Restricted for airport escrow agent	9,138,485	8,944,527
Restricted for the City of Philadelphia - Division of Aviation	6,853,276	4,713,821
Total restricted cash and investments	<u>\$ 15,991,761</u>	<u>\$ 13,658,348</u>

**THE PHILADELPHIA PARKING AUTHORITY -
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NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

The Authority had no capital assets as of March 31, 2023.

Transfer of assets to City of Philadelphia

During the year ended March 31, 2022, the Authority transferred ownership of certain assets to the City of Philadelphia, Department of Commerce, Division of Aviation. The assets transferred had a net book value of \$87,050,191. The details of this transaction are described in Note 10.

The following is a summary of changes in capital assets as of March 31, 2022:

	Balance at March 31, 2021	Increases	Decreases	Balance at March 31, 2022
Property and equipment being depreciated				
Parking facilities and improvements	\$ 312,677,148	\$ -	\$ 312,677,148	\$ -
Improvements, equipment and furniture	4,782,060	-	4,782,060	-
Total property and equipment being depreciated	<u>317,459,208</u>	<u>-</u>	<u>317,459,208</u>	<u>-</u>
Total property and equipment	<u>317,459,208</u>	<u>-</u>	<u>317,459,208</u>	<u>-</u>
Less Accumulated Depreciation:				
Parking facilities and improvements	218,573,646	7,322,109	225,895,755	-
Improvements, equipment and furniture	4,431,013	82,249	4,513,262	-
Total Accumulated Depreciation	<u>223,004,659</u>	<u>7,404,358</u>	<u>230,409,017</u>	<u>-</u>
Total property and equipment being depreciated, net	<u>94,454,549</u>	<u>(7,404,358)</u>	<u>87,050,191</u>	<u>-</u>
Property and equipment, net	<u>\$ 94,454,549</u>	<u>\$ (7,404,358)</u>	<u>\$ 87,050,191</u>	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 6. Other Post-Employment Benefits (Other than Pensions)

Plan Description

The Authority self-administers its single-employer, other post-employment benefit program (“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 stand alone 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 7. 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.

**THE PHILADELPHIA PARKING AUTHORITY -
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NOTES TO FINANCIAL STATEMENTS

Note 8. Transfer of Assets to City of Philadelphia

The Authority leased land for its parking facilities at the Philadelphia International Airport from the City of Philadelphia under long term land leases, which were set to expire September 1, 2029. Payment for the land leases was equal to the parking revenues after deducting all expenses and debt service requirements as defined by the governing trust indentures.

During the year March 31, 2022, the City of Philadelphia and the Authority reached an agreement for the termination of these lease agreements and transfer of assets at the Philadelphia International Airport. The Authority incurred a loss in the transfer of these assets as follows:

	Amount
Transfer of remaining net book value of capital assets	\$ 87,050,198
PPA indenture funds used in redemption of bonds	(16,128,197)
City of Philadelphia contribution towards redemption of bonds	(38,000,000)
Other debt related items relinquished during acquisition	541,794
Total loss from airport settlement agreement	<u>\$ 33,463,795</u>

The Authority also 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 October 31, 2023. On August 16, 2023, the Authority and the Division of Aviation agreed to extend the current agreement through June 30, 2024 with the City reserving the right to amend and add additional contract years.

Note 9. Subsequent Events

In October 2022, 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, 2023. Pursuant to the sunseting of the previous agreement, the Authority and the Division of Aviation agreed to a new contract, which was executed August 16, 2023 and extended the contract term through June 30, 2024. The City may add or amend more years to the contract at its sole discretion, according to the agreement.