

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

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

**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 years ended March 31, 2025 and 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, 2025 and 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.

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.

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 Statements of Net Position by Program, Statements of Revenues, Expenses and Changes in Net Position by Program, 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 4, 2025, 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

King of Prussia, Pennsylvania
December 4, 2025

**PHILADELPHIA PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2025**

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, 2025, as compared to the year ended March 31, 2024. 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 (the "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 13, 2073. The Authority's six-member Board is appointed by the Governor of Pennsylvania, with certain nominations from the Pennsylvania Legislature. Prior to 2001, appointments to the Authority's Board were made by the Mayor of Philadelphia.

In 1950, the Authority's primary mission was to respond to the increasing demand for parking in Philadelphia's central business district through the development of Off-Street parking facilities. The Authority's first parking garages were constructed in 1953 at 1845 Walnut Street and in 1954 at 10th & Ludlow Street.

Philadelphia International Airport

In October 1974, the Authority entered into the first of a series of leases and contracts with the City of Philadelphia to construct and operate all on-site parking facilities at the Philadelphia International Airport (the "Airport"). Pursuant to those contracts, the Authority has, on several occasions over the past 40 years, issued revenue bonds to finance the construction and renovation of the public parking facilities at the Airport. The Authority managed facilities now have 16,026 spaces, including 11,670 garage spaces and 4,356 economy lot spaces.

Pursuant to the current lease and contract for parking services, the Authority pays all net parking revenue to the City's Department of Aviation (DOA) based on the monthly cash flow in the Airport depository account, retaining \$2,000,000 in the account at all times. All amounts in excess of this reserve are remitted to the DOA by the fifth of each month.

On January 27, 2022, the DOA defeased all Airport-related debt held by the Bank of New York Mellon and PNC Bank, taking full ownership of the assets at the Airport. The current agreement extends through June 30, 2027, designating the Authority as the official parking operator at the Airport facilities for a fixed monthly fee of \$208,333 through June 30, 2025, \$200,000 through June 30, 2026, and \$191,667 through June 30, 2027. Additionally, the Authority provides Parking Enforcement Officers, Security Services and Valet Parking at the Airport for an enhanced parking experience.

Net Parking Revenue Expense to the DOA is as follows:

Year Ended March 31, 2025	\$68,734,019
Year Ended March 31, 2024	\$68,621,830

These amounts exclude the \$2,000,000 retained in the Airport depository account.

The increase in payments to the DOA reflects the rebound of the economy, growth in aviation enplanements, and the expansion of available spaces in the Economy Lot.

**PHILADELPHIA PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2025**

Off-Street Parking

The Authority operates ten parking facilities in Center City with approximately 5,412 spaces through a combination of ownership, public-private partnerships and inter-governmental leases with the City of Philadelphia, National Park Service (NPS) and the Delaware River Port Authority. Additionally, the Authority manages approximately 43 neighborhood parking lots, totaling 2,735 parking spaces, under a Lease Agreement with the City. The Authority's parking facilities play an important role in providing affordable prices and encouraging an adequate supply of convenient parking options throughout the city.

Over the past year, the adoption and increased use of online reservation platforms – including SpotHero, ParkMobile, and the Authority's AutoPark Express system – have positively impacted Off-Street operations. These platforms have made it easier for customers to reserve spaces in advance, while improving facility utilization and revenue management.

The Authority has also advanced meaningful capital improvements to modernize its garages and lots – enhancing safety, accessibility, and the overall customer experience. These investments align with the Authority's broader commitment to prepare for America's 250th Birthday in 2026, ensuring Philadelphia is ready to welcome residents and visitors with facilities that reflect the high standards of quality and service.

In 2015, the Authority closed on a \$25 million loan to address structural and aesthetic issues to the Center City parking facilities. As of March 31, 2025, the Authority has approximately \$12.2 million of the loan proceeds remaining solely for the benefit of the 10th & Ludlow Street Garage.

On-Street Parking

In 1982, an Act of the General Assembly authorized the City of Philadelphia to assign responsibility for the management of On-Street parking management to the Authority. That same year, City Council enacted an Ordinance, 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 officially transferred to the Authority. This included development and posting of parking regulations; sign installation and maintenance; collection of meter revenue; issuance of residential parking permits; issuance, processing and collection of parking tickets; towing and impoundment of illegally parked vehicles; and vehicle booting.

On February 10, 2004, the Governor signed Act 9 of 2004 ("Act 9") which statutorily assigned the administration and enforcement of On-Street parking to the Authority through March 31, 2014, eliminating the need for an agreement with the City. Act 9 also established a Formula governing the distribution of net On-Street parking revenue between the City of Philadelphia and the School District of Philadelphia. In 2012 the Commonwealth of Pennsylvania made the Act 9 On-Street parking program permanent, along with the Formula.

Under the Formula, net On-Street parking revenue ("Net Revenue") is first transferred to the City up to a designated amount (the "Threshold"). Any amount above the Threshold is transferred to the School District. Each year, the Threshold must be recalculated and increased by the year-over-year percentage increase in gross On-Street parking revenue. Regardless of revenue variations or performance, the Threshold cannot be reduced.

**PHILADELPHIA PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2025**

Act 9 originally established the Threshold as \$25 million, while Act 84 raised the starting Threshold to \$35 million in the Authority's fiscal year 2015. For the fiscal year ended March 31, 2025, the Threshold is \$48,966,144.

In fiscal year 2020, the Authority established an internal collections department to recover outstanding parking violations, fines and penalties. This initiative has generated significant savings in collection costs while providing greater control over enforcement and collection efforts. The department continues to manage a robust collections infrastructure, overseeing cash cycles and cording with three outside collection agencies to support recovery efforts.

Mobile Parking Payment System (MPPS) & Kiosks

The Authority implemented a Mobile Parking Payment System (MPPS) in September 2017 in partnership with Park Mobile. The initial roll out covered Center City and University City and has since expanded citywide. The system has proven highly popular, with nearly 786,000 monthly payments (82%) made through the mobile application and 172,087 payments (17%) by credit card at the kiosks, representing nearly 99% of all parking payments through credit cards. Meter revenue collected through mobile payments remains steady at 80% of total receipts. The MPPS remains in place for fiscal year 2026 and continues to operate efficiently while supporting revenue growth.

To complement mobile payments, the Authority purchased and installed 1,667 Pay by Plate (PBP) kiosks citywide, replacing outdated equipment. Installation was completed during the fiscal year ending March 2022. The popularity of MPPS, combined with new kiosk technology, has significantly enhanced the parking experience across Philadelphia. Due to the increase of PBP transactions, the Authority installed one kiosk per block, that accepts coins, credit cards and mobile payments through the application.

The kiosks also play a crucial role in the Contractor Parking Program, which allows contractors to purchase a virtual permit for \$300 to park at the kiosks and use a total of 900 hours over the course of six months. There are currently 9,396 active virtual contractor permits.

Live Stop Program and Towing

Since fiscal year 2001, the Authority has served as the exclusive towing and impoundment agent for the Live Stop Program, authorized under Act 93 of 1996 of the General Assembly and later expanded under Act 123 of 2002. The program authorizes law enforcement to direct the immediate impoundment of a motor vehicle operated without a valid driver's license or proper registration.

For fiscal year 2025, the program is projected to end with a deficit of \$475,256 due to fewer vehicle stops by Philadelphia Police and State Police. However, the Live Stop Program is trending upward, with a 74% increase from fiscal year 2024 to fiscal year 2025.

In addition, the Authority is responsible for impounding unsafe trucks operating on the City's highways and streets at the request of the Philadelphia Police and the Pennsylvania State Police. On average, the Authority tows approximately four trucks per month when a vehicle is found to be in violation of the Pennsylvania Vehicle Code. In fiscal year 2008, the Authority entered into a contract with the State Police to support the removal of abandoned and inoperable vehicles from the City's three interstate highways (I-95, I-76 and I-676).

**PHILADELPHIA PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2025**

Neighborhood Enforcement Unit

Fiscal year 2025 also brought in increased revenue from the creation of the Neighborhood Enforcement Unit. This specialized unit within the On-Street division supports quality of life issues by removing reported nuisance vehicles and contributing directly to the Mayor's vision for a safer city for all residents.

Red Light Enforcement Program

In 2016, the General Assembly authorized the continuation of the pilot Red Light Photo Enforcement Program (the "Red Light Program") through June 15, 2027, under Senate Bill 1267. The legislation reaffirmed the Authority's role as 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 Program is a key enforcement tool supporting the City's Vision Zero initiative by addressing fundamental life-safety issues. The program reduces red-light-related traffic accidents, saves lives, prevents property damage, and supports the case for auto insurance rate reductions through improved traffic safety. To date, 146 cameras have been installed at 34 intersections.

The Authority contracts with two vendors to operate the system. In March 2023, contracts with Verra Mobility and Elovate, commenced. As of March 31, 2025, Verra Mobility operates 74 cameras at 16 locations, at a cost of \$2,934 per camera. Elovate operates 72 cameras at 17 locations, at a cost of \$3,030 per camera.

Speed Camera Enforcement Program

In 2018, the General Assembly authorized the Authority to be the administrator of a five-year pilot program for enforcement of speed violations on Roosevelt Boulevard (Route 1). In coordination with the City of Philadelphia, 32 cameras were installed across 8 locations, and the system went live on August 1, 2020.

In December 2023, the General Assembly enacted HB1285, which permanently authorized speed enforcement along Roosevelt Boulevard. The program has significantly reduced unsafe driving, with violations decreasing by over 70% since inception. As of March 31, 2025, the system includes 40 cameras at 10 locations.

HB1285 also authorized the expansion of automated speed enforcement to five additional corridors along Philadelphia beginning in September 2026. This expansion will include 31 cameras at 10 locations along Route 611 (Broad Street) and additional enforcement along Routes 1001, 2016, and 2001. Under the statute, fines are imposed on drivers exceeding the posted speed limit by 11 miles per hour or more.

Taxicab, Limousine, and TNC Regulation

In 2004 the Commonwealth assigned the Philadelphia Parking Authority responsibility for regulating taxicab and limousine service in the City of Philadelphia. In 2016, this regulatory duty expanded to include Transportation Network Companies ("TNC") such as Uber and Lyft, adding approximately 20,000 to 24,500 for-hire vehicles to both the Philadelphia market and the Authority's oversight responsibilities.

Under current law, a 1.4% assessment on gross TNC revenue in Philadelphia is applied. Of this amount, one-third supports the Authority's regulatory functions, while two-thirds are directed to the School District of Philadelphia.

**PHILADELPHIA PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2025**

For fiscal year 2025, the Authority's TNC program generated \$8.0 million, representing a \$1.0 million increase over fiscal year 2024, paid directly to the School District of Philadelphia. The Taxi and Limo Division continues to support its mission of encouraging safe, clean, reliable taxicab, limousine, and transportation network company service through sound regulations and consistent enforcement.

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, rental revenue, and third-party reservations. Other Program revenue consists of revenue collected from the Live Stop, Red Light Camera Program, Speed Camera Program, Airport and the Taxi & Limousine 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 expenses 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, 2025). 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.

**PHILADELPHIA PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2025**

FINANCIAL ANALYSIS

The Authority implemented GASB State No. 101, "Compensated Absences" for the year ended June 30, 2025. As a result of this implementation, net position as of April 1, 2023 was restated with a decrease totaling \$4,733,404.

The following table compares the condensed Statements of Net Position as of March 31, 2025, and 2024:

	<u>2025</u>	<u>2024 (As Restated)</u>	<u>Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Current Assets	\$ 148,060,754	\$ 151,108,485	\$ (3,047,731)	-2.02%
Restricted Cash and investments	45,921,424	52,392,460	(6,471,036)	-12.35%
Leases Receivable	8,342,480	8,563,442	(220,962)	-2.58%
Property Plant and Equipment, Net	137,973,175	140,268,522	(2,295,347)	-1.64%
Total Assets	340,297,833	352,332,909	(12,035,076)	-3.42%
Deferred Outflows	51,747,112	39,520,845	12,226,267	30.94%
Current Liabilities	63,266,351	76,172,587	(12,906,236)	-16.94%
Non-Current Liabilities	148,840,916	147,032,478	1,808,438	1.23%
Total Liabilities	212,107,267	223,205,065	(11,097,798)	-4.97%
Deferred inflows	30,590,182	46,530,059	(15,939,877)	-34.26%
Net investment in capital assets	67,900,840	61,333,552	6,567,288	10.71%
Restricted	4,322,108	4,863,485	(541,377)	-11.13%
Unrestricted	77,124,558	55,921,593	21,202,965	37.92%
Net Position	\$ 149,347,506	\$ 122,118,630	\$ 27,228,876	22.30%

- 2024 liabilities have been restated with an increase totaling \$4,810,868 for the implementation of GASB 101.
- Current assets decreased over \$3.0 million due to the decrease in investments year over year.
- Restricted cash decreased approximately \$6.5 million principally due to the paydown of bonds and a US Treasury repayment.
- Property and equipment decreased a net amount of approximately \$2.3 million due to the purchase of vehicles for the On Street and Support operations offset by accumulated depreciation.
- Deferred outflows increased approximately \$12.2 million primarily due to increases in the deferred amounts related to the Authority's pension liability which was adopted under GASB 68.
- Current liabilities decreased approximately \$12.9 million as a result of decreased accrual for required payments to related entities.
- Non-current liabilities increased approximately \$1.8 million principally due to the increase in the net pension liability offset by the paydown of bonds and lease obligations.
- Deferred inflows decreased approximately \$15.9 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 \$27.2 million due to increased revenue year over year and minimal increase of expenses as they relate to the revenue increase.

**PHILADELPHIA PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2025**

The following table compares the amounts of the Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended March 31, 2025, and 2024:

	2025	2024 (As Restated)	Increase (Decrease)	% Increase (Decrease)
OPERATING REVENUES	\$ 341,063,962	\$ 332,237,468	\$ 8,826,494	2.66%
OPERATING EXPENSES				
Direct Operating Expenses	116,513,004	105,827,138	10,685,866	10.10%
Administrative Expenses	40,531,738	29,765,231	10,766,507	36.17%
Expense to the City of Philadelphia	108,484,366	116,547,269	(8,062,903)	-6.92%
Expense to the School District of Philadelphia	-	7,174,560	(7,174,560)	-100.00%
Expense to the PennDOT	35,606,682	50,938,299	(15,331,617)	-30.10%
Expense to the National Park Service	1,046,823	1,055,569	(8,746)	-0.83%
Expense to the Delaware River Port Authority	84,321	180,264	(95,943)	-53.22%
Depreciation and Amortization expense	12,521,414	11,894,677	626,737	5.27%
Total Operating Expenses	314,788,348	323,383,007	(8,594,659)	-2.66%
OPERATING INCOME	26,275,614	8,854,461	17,421,153	196.75%
NONOPERATING REVENUES (EXPENSES)				
Investment (Loss) income	3,425,871	3,941,472	(515,601)	-13.08%
Interest Expense	(2,472,609)	(2,694,702)	222,093	-8.24%
Total Nonoperating Expenses, Net	953,262	1,246,770	(293,508)	-23.54%
CHANGE IN NET POSITION	27,228,876	10,101,231	17,127,645	169.56%
Net Position- Beginning of Year	122,118,630	112,017,399	10,101,231	9.02%
NET POSITION - END OF YEAR	\$ 149,347,506	\$ 122,118,630	\$ 27,228,876	22.30%

- 2024 operating expenses have been restated with an increase totaling \$77,464 for the implementation of GASB 101.
- Operating revenues increased approximately \$8.8 million from the prior fiscal year primarily due to the following factors:
 - On-Street gross revenue increased by nearly \$12 million from fiscal year 2024.
 - Red Light revenue increased by \$1 million in fines year over year.
 - Airport increased by nearly \$3 million from fiscal year 2024.
 - TNC Assessments rose by over \$1 million from fiscal year 2024.
- Direct operating expenses increased approximately \$10.8 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 \$10.8 million primarily due to the support allocations related to increased revenue and expense needed to sustain expanded operations for

**PHILADELPHIA PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2025**

the City of Philadelphia, as well as changes in union negotiated labor contracts. These allocations flow through all Authority entities. The total number of employees increased year-over-year as a result of new initiatives implemented throughout the City and the Authority. Pension costs also rose significantly, with the J plan rate increasing to 1,241.930% of wages earned in fiscal year 2025. Additionally, health benefit costs increased due to higher health claims and Insurance expenses grew as a result of both the Authority's self-funding approach and rising premiums for workers compensation, general liability and automobile liability coverage.

- Expense to the City decreased by approximately \$8.1 million and School District decreased by approximately \$7.2 million from the prior fiscal year primarily due to the increase in direct expenses and support affiliated expenses as they relate to the direct support of On Street Operations and Support-related expenses tied to the operations of the On Street division.
- Expense to the Pennsylvania Department of Transportation decreased approximately \$15.3 million due to the decrease in Red Light related fines and the success of the Speed Enforcement Camera program having a direct effect on speed reduction throughout the City of Philadelphia leading to fewer violations.

The City and School District of Philadelphia receive payments from the Authority in accordance with the Formula established under Act 9 of 2012 enacted by the Commonwealth of Pennsylvania. Under this Formula, Net Revenue is first distributed to the City up to the designated Threshold amount. Any Net Revenue exceeding the Threshold is then remitted to the School District of Philadelphia. Net Revenue includes revenue generated from tickets, meters, towing, storage, booting, auctions and other related sources, less direct operating expenses, allocated 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 \$25.1 million for fiscal year 2025, and \$23.9 million for fiscal year 2024, in Parking Privilege Tax.

The Authority also paid to the National Park Service (Department of the Interior) \$1.05 million for fiscal year 2025, 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 Department 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, 2025, was \$68.7 million.

Since the Disney Quest project at 8th & Chestnut Streets has not been completed, the debt service associated with the 1999A Indenture generally exceeds the revenue generated from the existing parking facility. The City of Philadelphia serves as the guarantor for this bond issue. During fiscal year 2019, the 1999A Indenture operated at a deficit. However, due to revenue realized from the option to sell the property, the City was not required to cover debt service payments during fiscal year 2023. As of March 31, 2025, the City has provided approximately \$13.1 million in funds in its role as guarantor of

**PHILADELPHIA PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2025**

these bonds. Pursuant to the terms of the 1999A Indenture, the Authority is obligated to reimburse the City for any amounts paid under its guarantee in the event that 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, 2025 AND 2024

	2025	2024 (As Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,047,214	\$ 39,243,424
Investments	15,369,471	20,132,472
Accrued interest receivable	37,012	41,005
Accounts receivable	94,211,555	91,223,794
Leases receivable	220,961	287,569
Prepaid expenses	174,541	180,221
Total current assets	148,060,754	151,108,485
Restricted cash and cash equivalents	45,921,424	52,392,460
Noncurrent assets:		
Leases receivable	8,342,480	8,563,442
Property and equipment:		
Land	18,027,762	18,027,762
Construction-in-progress	1,821,629	5,770,645
Parking facilities and improvements	73,912,280	69,782,653
Improvements, equipment, and furniture	73,412,100	63,366,644
Right-of-use asset	62,254,638	62,254,638
Subscription-based information technology arrangements	7,362,448	9,413,748
Less: accumulated depreciation	(98,817,682)	(88,347,568)
Total property and equipment	137,973,175	140,268,522
Total Noncurrent Assets	146,315,655	148,831,964
Total Assets	340,297,833	352,332,909
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows for pension	40,916,295	26,638,129
Deferred outflows for OPEB	10,830,827	12,882,716
Total Deferred Outflows of Resources	51,747,122	39,520,845
Total Assets and Deferred Outflows of Resources	\$ 392,044,955	\$ 391,853,754

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF NET POSITION (CONTINUED)
MARCH 31, 2025 AND 2024

	2025	2024 (As Restated)
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 25,067,840	\$ 25,203,640
Accrued interest payable	137,071	144,858
Leases payable	1,692,262	1,607,190
Subscription based information technology arrangements payable	2,499,560	2,423,788
Due to the City of Philadelphia	8,370,648	11,391,184
Due to the School District of Philadelphia	-	7,174,560
Due to the Pennsylvania Department of Transportation	22,012,027	24,795,424
Current portion of revenue bonds	3,486,943	3,431,943
Total current liabilities	63,266,351	76,172,587
Long-term liabilities:		
Accrued expenses	2,637,666	3,481,847
Revenue bonds payable	19,763,376	23,250,319
Leases payable	55,761,035	57,453,296
Subscription based information technology arrangements payable	73,399	2,577,579
Accrued claims payable	7,487,606	8,411,611
Net other postemployment benefits (OPEB) liability	19,344,671	20,867,052
Net pension liability	43,773,163	30,990,774
Total long-term liabilities	148,840,916	147,032,478
Total Liabilities	212,107,267	223,205,065
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows for pension	14,327,769	31,264,594
Deferred inflows for OPEB	7,945,732	6,588,539
Deferred inflows for leases	8,316,681	8,676,926
Total Deferred Inflows of Resources	30,590,182	46,530,059
Total Liabilities and Deferred Inflows of Resources	\$ 242,697,449	\$ 269,735,124
NET POSITION		
Net investment in capital assets	\$ 67,900,840	\$ 61,333,552
Restricted	4,322,108	4,863,485
Unrestricted	77,124,558	55,921,593
Total Net Position	\$ 149,347,506	\$ 122,118,630

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, 2025 AND 2024

	<u>2025</u>	<u>2024</u> (As Restated)
OPERATING REVENUES		
Charges for services	\$ 341,063,962	\$ 332,237,468
OPERATING EXPENSES		
Direct operating expenses	116,513,004	105,827,138
Administrative expenses	40,531,738	29,765,231
Expense to the City of Philadelphia	108,484,366	116,547,269
Expense to the School District of Philadelphia	-	7,174,560
Expense to the Pennsylvania Department of Transportation	35,606,682	50,938,299
Expense to the National Park Service	1,046,823	1,055,569
Expense to the Delaware River Port Authority	84,321	180,264
Depreciation and amortization expense	<u>12,521,414</u>	<u>11,894,677</u>
Total Operating Expenses	<u>314,788,348</u>	<u>323,383,007</u>
OPERATING INCOME	26,275,614	8,854,461
NONOPERATING REVENUES (EXPENSES)		
Investment (loss) income	3,425,871	3,941,472
Interest expense	<u>(2,472,609)</u>	<u>(2,694,702)</u>
Total nonoperating revenues (expenses), net	<u>953,262</u>	<u>1,246,770</u>
CHANGE IN NET POSITION	27,228,876	10,101,231
Net Position - Beginning of Year (As Originally Reported)	122,118,630	116,750,803
Adjustment for Change in Accounting Principle	<u>-</u>	<u>(4,733,404)</u>
Net Position - Beginning of Year (Restated)	<u>122,118,630</u>	<u>112,017,399</u>
NET POSITION - END OF YEAR	<u>\$ 149,347,506</u>	<u>\$ 122,118,630</u>

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u> (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and others	\$ 338,007,519	\$ 325,594,312
Salaries and administrative costs paid to employees	(123,763,148)	(105,916,367)
Payments to suppliers for services	(51,733,588)	(44,552,827)
Payments to the City of Philadelphia	(111,504,902)	(118,571,563)
Payments to the School District of Philadelphia	(7,174,560)	(7,881,061)
Payments to the Pennsylvania Department of Transportation	(38,390,079)	(37,724,695)
Payments to the National Park Service	(1,046,823)	(1,055,569)
Payments to the Delaware River Port Authority	(84,321)	(180,264)
Net cash provided by operating activities	<u>4,310,098</u>	<u>9,711,966</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property and equipment, net	(10,226,067)	(5,005,993)
Principal paid on SBITAs payable	(2,428,408)	(2,361,081)
Interest paid on SBITAs payable	(70,618)	(216,286)
Principal paid on leases payable	(1,607,189)	(1,603,869)
Interest paid on leases payable	(1,419,095)	(1,457,519)
Principal paid on revenue bonds payable	(3,431,943)	(3,381,944)
Interest paid on revenue bonds payable	(982,896)	(1,122,798)
Net cash provided by (used in) capital and related financing activities	<u>(20,166,216)</u>	<u>(15,149,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchase) of investments	4,763,001	(3,689,849)
Investment income	3,425,871	3,941,472
Net cash provided by investing activities	<u>8,188,872</u>	<u>251,623</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,667,246)	(5,185,901)
Cash and Cash Equivalents - Beginning of Year	<u>91,635,884</u>	<u>96,821,785</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 83,968,638</u>	<u>\$ 91,635,884</u>

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED MARCH 31, 2025 AND 2024

	2025	2024 (As Restated)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 26,275,614	\$ 8,931,925
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,521,414	11,894,677
Change in assets and liabilities:		
Accounts receivable	(2,983,768)	(6,643,156)
Leases receivable	287,570	321,307
Deferred inflows - leases receivable	(360,245)	(420,449)
Prepaid expenses	5,680	226,344
Accounts payable and other accrued expenses	(1,911,773)	3,177,557
Net OPEB liability and related items	(1,522,381)	2,673,479
Deferred outflows - OPEB	2,051,889	754,738
Deferred inflows - OPEB	1,357,193	2,358,616
Net pension liability and related items	12,782,389	(10,309,849)
Deferred outflows - pension	(14,278,166)	(823,617)
Deferred inflows - pension	(16,936,825)	(12,912,415)
Due to the City of Philadelphia	(3,020,536)	(2,024,294)
Due to the School District of Philadelphia	(7,174,560)	(706,501)
Due to the Pennsylvania Department of Transportation	(2,783,397)	13,213,604
	<u>\$ 4,310,098</u>	<u>\$ 9,711,966</u>
Net cash provided by operating activities		
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 38,047,214	\$ 39,243,424
Restricted cash and cash equivalents	45,921,424	52,392,460
	<u>\$ 83,968,638</u>	<u>\$ 91,635,884</u>
SUPPLEMENTAL DISCLOSURES OF CAPITAL AND RELATED FINANCING ACTIVITY		
Right-of-use asset acquired through lease and SBITA payables	<u>\$ -</u>	<u>\$ 769,896</u>
Capital subsidies provided by the City of Philadelphia	<u>\$ 2,096,666</u>	<u>\$ -</u>

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF FIDUCIARY NET POSITION
MARCH 31, 2025 AND 2024

	2025	2024
ASSETS		
Mutual funds	\$ 32,799,789	\$ 31,020,745
Total Assets	\$ 32,799,789	\$ 31,020,745
FIDUCIARY NET POSITION		
Restricted for:		
Other postemployment benefits	\$ 32,799,789	\$ 31,020,745
Total Fiduciary Net Position	\$ 32,799,789	\$ 31,020,745

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED MARCH 31, 2025 AND 2024

	2025	2024
ADDITIONS:		
Contributions:		
Employer	\$ 3,114,053	\$ 2,783,222
Total contributions	3,114,053	2,783,222
Net Investment Income (Loss)	1,891,685	4,100,355
Total additions	5,005,738	6,883,577
DEDUCTIONS:		
Benefit payments	3,114,053	2,783,222
Administrative expenses	112,641	98,344
Total deductions	3,226,694	2,881,566
CHANGES IN FIDUCIARY NET POSITION	1,779,044	4,002,011
Total Fiduciary Net Position - Beginning of Year	31,020,745	27,018,734
TOTAL FIDUCIARY NET POSITION - END OF YEAR	\$ 32,799,789	\$ 31,020,745

**PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

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, 2073. 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 of Pennsylvania 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 trust indenture.

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.

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.

**PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

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 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 Commonwealth of Pennsylvania 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.

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.

**PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Subscription based information technology agreement (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 from 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.

Leases and Subscription Based Information Technology Agreements Payable

The Authority is a lessee for noncancellable leases of parking spaces, garages, buildings, other facilities and SBITAs. 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.

**PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases and Subscription Based Information Technology Agreements Payable (Continued)

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.

Compensated Absences

The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, four types of leave qualify for liability recognition for compensated absences – vacation, compensatory time, administrative leave, and sick leave. The liability for compensated absences is reported as incurred and includes salary-related benefits, where applicable.

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.

**PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

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, 2025 and 2024, the Authority had no capitalized interest expense.

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.

Adopted Pronouncements

GASB Statement No. 101, "*Compensated Absences*" was adopted for the year ended March 31, 2025. In addition to the value of unused vacation time owed to employees upon separation of employment, the Organization now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. As a result of this implementation, net position as of April 1, 2023 was restated with a decrease totaling \$4,733,404, liabilities were restated with an increase totaling \$4,810,868, and operating expenses were restated with an increase totaling \$77,464.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 103 (Financial Reporting Model Improvements) and 104 (Disclosure of Certain Capital Assets). Management has not yet determined the impact of these statements on the financial statements.

Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

**PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

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:

	<u>2025</u>	<u>2024</u>
Cash on Hand	\$ 41,250	\$ 41,500
Demand Deposits	72,736,638	80,340,584
Cash Equivalents - U.S. Government Mutual Funds	<u>11,190,750</u>	<u>11,253,800</u>
Total Cash and Cash Equivalents	<u>\$ 83,968,638</u>	<u>\$ 91,635,884</u>

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

	<u>2025</u>	<u>2024</u>
Cash and Equivalents (Unrestricted)	\$ 38,047,214	\$ 39,243,424
Restricted Cash	<u>45,921,424</u>	<u>52,392,460</u>
Total Cash and Cash Equivalents	<u>\$ 83,968,638</u>	<u>\$ 91,635,884</u>

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

At March 31, 2025 and 2024 the carrying amount of the Authority's demand deposits with financial institutions was \$72,736,638 and \$80,340,584, respectively, compared to bank balances of \$78,681,169 and \$79,957,340, 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, 2025, and 2024, \$527,892 and \$987,541 of the Authority's bank balance was insured by the FDIC, respectively. At March 31, 2025, and 2024, \$78,153,277 and \$78,969,799, respectively, of the remaining balance was collateralized by securities pledged and held by the financial institution in accordance with Act 72. At March 31, 2025 and 2024, \$0 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.

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.

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

As of March 31, 2025, the Authority, excluding fiduciary activities, had the following cash and investments:

	<u>Ratings</u>	<u>Average Duration</u>	<u>Amount</u>
Cash and Cash Equivalents	N/A	N/A	\$ 72,777,888
U.S. Government Mutual Funds -			
Cash and Cash Equivalents	AAAm	19 Days	11,190,750
U.S. Government Fixed Income	AAAm	1.09 Years	11,499,786
U.S. Government Sponsored Fixed Income	AAAm	4.31 Years	649,504
Guaranteed Investments Contract	N/A	8.30 Years	3,220,181
Total			<u>\$ 99,338,109</u>

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

	<u>Ratings</u>	<u>Average Duration</u>	<u>Amount</u>
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 Years	15,531,241
U.S. Government Sponsored Fixed Income	AAAm	4.31 Years	1,381,050
Guaranteed Investments Contract	N/A	8.30 Years	3,220,181
Total			<u>\$ 111,768,356</u>

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.

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.

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

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, 2025, 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	\$ -	\$ 11,499,786	\$ -	\$ 11,499,786
U.S. Government Sponsored Fixed Income:				
Mortgage Backed Securities	-	649,504	-	649,504
Total	<u>\$ -</u>	<u>\$ 12,149,290</u>	<u>\$ -</u>	<u>\$ 12,149,290</u>

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

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	<u>\$ -</u>	<u>\$ 16,912,291</u>	<u>\$ -</u>	<u>\$ 16,912,291</u>

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.

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NOTE 4 ACCOUNTS RECEIVABLE – TICKETS AND OTHER

Tickets Receivable

The Authority reports accounts receivable for unpaid tickets as follows:

<u>Year Ended March 31, 2025</u>	<u>On-Street</u>	<u>Red Light</u>	<u>Speed Camera</u>	<u>Total</u>
Tickets Receivable	\$ 430,012,075	\$ 105,726,755	\$ 59,138,624	\$ 594,877,454
Less: Allowance for Uncollectible Tickets and Discounts	<u>(378,410,626)</u>	<u>(84,581,404)</u>	<u>(37,848,719)</u>	<u>(500,840,749)</u>
Tickets Receivable, Net	<u>\$ 51,601,449</u>	<u>\$ 21,145,351</u>	<u>\$ 21,289,905</u>	<u>\$ 94,036,705</u>
<u>Year Ended March 31, 2024</u>	<u>On-Street</u>	<u>Red Light</u>	<u>Speed Camera</u>	<u>Total</u>
Tickets Receivable	\$ 417,169,636	\$ 105,782,699	\$ 55,118,041	\$ 578,070,376
Less: Allowance for Uncollectible Tickets and Discounts	<u>(367,109,280)</u>	<u>(84,626,159)</u>	<u>(35,275,546)</u>	<u>(487,010,985)</u>
Tickets Receivable, Net	<u>\$ 50,060,356</u>	<u>\$ 21,156,540</u>	<u>\$ 19,842,495</u>	<u>\$ 91,059,391</u>

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 2025 and 2024, 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:

<u>Year Ending March 31,</u>	<u>Amount</u>
2026	\$ 37,468,629
2027	14,332,672
2028	9,422,034
2029	7,516,430
2030	5,842,297
2031-2035	15,333,229
2036-2040	4,121,414
Total	<u>\$ 94,036,705</u>

Other Receivables

The Authority reports other receivables of \$174,850 and \$164,403 as of March 31, 2025 and 2024, respectively.

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NOTE 5 CAPITAL ASSETS

The following is a summary of changes in capital assets as of March 31, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance
Property and Equipment Not Being Depreciated				
Land	\$ 18,027,762	\$ -	\$ -	\$ 18,027,762
Construction-in-Progress	5,770,645	4,101,928	(8,050,944)	1,821,629
Total Property and Equipment not Being Depreciated	23,798,407	4,101,928	(8,050,944)	19,849,391
Property and Equipment Being Depreciated				
Parking Facilities and Improvements	69,782,653	4,129,627	-	73,912,280
Improvements, Equipment, and Furniture	63,366,644	10,045,456	-	73,412,100
Right-of-Use Asset	62,254,638	-	-	62,254,638
Subscription-Based Information Technology Agreements	9,413,748	-	(2,051,300)	7,362,448
Total Property and Equipment Being Depreciated	204,817,683	14,175,083	(2,051,300)	216,941,466
Total Property and Equipment	228,616,090	18,277,011	(10,102,244)	236,790,857
Less: Accumulated Depreciation				
Parking Facilities and Improvements	31,960,058	5,307,276	-	37,267,334
Improvements, Equipment, and Furniture	47,115,212	2,296,888	-	49,412,100
Right-of-Use Asset	4,944,584	2,485,587	-	7,430,171
Subscription-Based Information Technology Agreements	4,327,714	2,431,663	(2,051,300)	4,708,077
Total Accumulated Depreciation	88,347,568	12,521,414	(2,051,300)	98,817,682
Total Property and Equipment Being Depreciated, Net	116,470,115	1,653,669	-	118,123,784
Property and Equipment, Net	<u>\$ 140,268,522</u>	<u>\$ 5,755,597</u>	<u>\$ (8,050,944)</u>	<u>\$ 137,973,175</u>

Construction in Progress

At March 31, 2025, the Authority had construction in progress related to the Jefferson Garage development. Total costs incurred by the Authority as of March 31, 2025, were \$1,821,629.

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, 2024, were \$5,770,645.

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NOTE 5 CAPITAL ASSETS (CONTINUED)

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	<u>\$ 146,387,310</u>	<u>\$ (6,118,788)</u>	<u>\$ -</u>	<u>\$ 140,268,522</u>

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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, 2025 and 2024.

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, 2025:

<u>Year Ending March 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
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	1,975,763	1,248,966	3,224,729
2030	2,151,788	1,199,614	3,351,402
2031-2035	9,586,854	5,265,634	14,852,488
2036-2040	11,250,471	4,027,388	15,277,859
2041-2045	12,833,488	2,556,924	15,390,412
2046-2050	7,962,619	1,064,607	9,027,226
2051-2055	506,025	743,974	1,249,999
2056-2060	571,614	678,386	1,250,000
2061-2065	645,703	604,297	1,250,000
2066-2070	729,395	520,605	1,250,000
2071-2075	823,935	426,065	1,250,000
2076-2080	930,729	319,271	1,250,000
2081-2085	1,051,364	198,636	1,250,000
2086-2090	1,083,045	62,788	1,145,833
	<u>\$ 57,453,297</u>	<u>\$ 22,935,348</u>	<u>\$ 80,388,645</u>

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

Authority as Lessee (Continued)

Subsequent to year-end a new five-year lease was signed with annual payments of \$26,000 required.

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, 2025:

Parking Spaces, Garages, and Buildings	\$ 360,244	
Interest Revenue	231,466	
Total Revenue	\$ 591,710	

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	

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

Authority as Lessor (Continued)

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, 2025:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ (220,961)	\$ (219,138)	\$ (440,099)
2027	(213,193)	(208,287)	(421,480)
2028	(167,025)	(197,585)	(364,610)
2029	(56,348)	(193,652)	(250,000)
2030	(57,739)	(192,261)	(250,000)
2031-2035	(310,779)	(939,221)	(1,250,000)
2036-2040	(351,060)	(898,939)	(1,249,999)
2041-2045	(396,563)	(853,437)	(1,250,000)
2046-2050	(447,963)	(802,037)	(1,250,000)
2051-2055	(506,025)	(743,974)	(1,249,999)
2056-2060	(571,613)	(678,386)	(1,249,999)
2061-2065	(645,703)	(604,297)	(1,250,000)
2066-2070	(729,395)	(520,605)	(1,250,000)
2071-2075	(823,935)	(426,065)	(1,250,000)
2076-2080	(930,729)	(319,271)	(1,250,000)
2081-2085	(1,051,364)	(198,636)	(1,250,000)
2086-2090	(1,083,046)	(62,788)	(1,145,834)
	<u>\$ (8,563,441)</u>	<u>\$ (8,058,579)</u>	<u>\$ (16,622,020)</u>

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:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ 2,499,560	\$ 30,474	\$ 2,530,034
2027	33,482	1,161	34,643
2028	34,158	486	34,644
2029	5,759	14	5,773
Total	<u>\$ 2,572,959</u>	<u>\$ 32,135</u>	<u>\$ 2,605,094</u>

Note 5 contains a summary of changes a summary of changes in the SBITA asset and lease liability as of March 31, 2025 and 2024.

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NOTE 7 REVENUE BONDS AND NOTES PAYABLE

A summary of revenue bonds outstanding as of March 31, 2025 and 2024, is as follows:

Bond Issue	Issuance Date	Amount Issued	Maturity Date	Principal	Principal	Interest	Sinking Fund	Purpose of Bond Issue
				Outstanding	Outstanding			
				March 31, 2025	March 31, 2024	Rate	Requirements	
Parking System Revenue Bonds, Series 1999A	May 27, 1999	\$ 47,390,000	February 15, 2029	\$ 4,645,000	\$ 5,680,000	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	8,900,000	9,500,000	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	6,276,747	6,702,262	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, 2027	<u>3,428,572</u>	<u>4,800,000</u>	2.58%	none	Finance the costs of purchasing meters to support the operational needs of the On Street department.
Total Revenue Bonds Outstanding				<u>\$ 23,250,319</u>	<u>\$ 26,682,262</u>			

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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, 2025, 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 \$1,090,000 as of March 31, 2025.

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, 2025.

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, 2025.

The aggregate annual principal and sinking fund payments of debt at March 31, 2025, are as follows:

<u>Year Ending March 31,</u>	Revenue Bonds Principal Amount	Revenue Bonds Interest Amount	Total
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	418,314	2,638,829
2030	11,074,689	265,172	11,339,861
Total	<u>\$ 23,250,319</u>	<u>\$ 2,611,523</u>	<u>\$ 25,861,842</u>

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NOTE 7 REVENUE BONDS AND NOTES PAYABLE (CONTINUED)

The following table provides a summary of changes in revenue bonds outstanding and notes payable for the years ended March 31, 2025 and 2024:

	<u>Balance at March 31, 2024</u>	<u>Proceeds</u>	<u>Bonds Refunded</u>	<u>Principal Repayments</u>	<u>Balance at March 31, 2025</u>
Revenue Bonds	\$ 26,682,262	\$ -	\$ -	\$ (3,431,943)	\$ 23,250,319

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

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:

	<u>2025</u>	<u>2024</u>
Trust Indenture:		
May 27, 1999	<u>\$ 3,220,181</u>	<u>\$ 3,220,181</u>
Total	<u><u>\$ 3,220,181</u></u>	<u><u>\$ 3,220,181</u></u>

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, 2025 and 2024. The balances in the bond reserve funds noted above are included in restricted cash and investments on the statement of net position.

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NOTE 9 RESTRICTED CASH, INVESTMENTS AND NET POSITION

Restricted cash and investments consist of the following at March 31, 2025 and 2024:

	2025	2024
Restricted for Indentures		
Series of 1999A:		
Bond Reserve Fund	\$ 3,220,181	\$ 3,220,181
Revenue Fund	967,038	1,509,967
Construction Fund	102,148	102,148
Bond Redemption Fund	32,741	31,189
Total Restricted for Indentures	4,322,108	4,863,485
Restricted for Airport Escrow Agent	10,088,823	9,610,496
Restricted for Center City Garage Construction	13,204,240	11,989,145
Restricted for the City of Philadelphia	8,370,648	11,391,184
Restricted for the School District of Philadelphia	-	7,174,560
Restricted for Pennsylvania DOT	9,935,605	7,284,788
Restricted for Delaware River Port Authority	-	78,802
Total Restricted Cash and Investments	\$ 45,921,424	\$ 52,392,460

Restricted net position consists of the following at March 31, 2025 and 2024:

	2025	2024
Restricted Cash and Investments for Airport, Escrow, and Garage Construction	\$ 27,615,171	\$ 26,463,126
Less: Balances Attributable for Construction Debt	(13,204,240)	(11,989,145)
Less: Balances Attributable for Escrow Obligations	(10,088,823)	(9,610,496)
Total Restricted for Indentures	\$ 4,322,108	\$ 4,863,485

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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:

	<u>Deductible</u>	<u>Limit per Occurrence</u>	<u>Overall Aggregate Coverage Limit</u>
Coverage:			
Auto Liability	\$ 100,000	\$ 1,000,000	\$ -
Crime	100,000	5,000,000	-
Excess Crime	-	5,000,000	-
Cyber	10,000	3,000,000	-
Directors and Officers/ Employment Practices Liability	150,000	100,000,000	-
Employment Practices	250,000	10,000,000	10,000,000
Employed Lawyers	100,000	1,000,000	-
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	100,000,000	-
Umbrella Liability	-	10,000,000	25,000,000
Workers' Compensation	500,000	Statutory Benefits	-
Terrorism	10,000	5,000,000	-

The Authority's accrued claims liability of \$7,487,606 and \$8,411,611 as of March 31, 2025 and 2024, respectively, was established according to a third-party actuarial study.

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NOTE 10 RISK MANAGEMENT (CONTINUED)

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

	March 31, 2024	Changes in Estimates	Payments of Claims	March 31, 2025
Workers' Compensation	\$ 7,775,671	\$ 31,054	\$ (924,005)	\$ 6,882,720
Automobile Liability	204,835	71,314	(115,271)	160,878
General Liability	431,105	116,647	(103,744)	444,008
Total	<u>\$ 8,411,611</u>	<u>\$ 219,015</u>	<u>\$ (1,143,020)</u>	<u>\$ 7,487,606</u>

	March 31, 2023	Claims and 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	<u>\$ 6,768,589</u>	<u>\$ 3,022,417</u>	<u>\$ (1,379,395)</u>	<u>\$ 8,411,611</u>

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. Effective April 2023, the Authority transitioned from a mixed HMO-POS-PPO plan to a PPO-only plan. The Authority purchased a stop-loss policy for specific and aggregate stop-loss coverage with a specific deductible of \$300,000 for plan year April 1, 2024 to March 31, 2025, 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, 2024	Claims and Changes in Estimates	Payments of Claims	March 31, 2025
Incurring But Not Reported Liability	<u>\$ 803,000</u>	<u>\$ 268,704</u>	<u>\$ (92,704)</u>	<u>\$ 979,000</u>

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

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NOTE 10 RISK MANAGEMENT (CONTINUED)

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, 2025, and 2024, is approximately \$5.34 million.

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 \$1,687 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.

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).

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

Employees Covered by Benefit Terms

For the actuarial valuation as of April 1, 2025, 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	1,159

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, 2025 and 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.

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.

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

Deposits and Investments (Continued)

As of March 31, 2025, the investment assets in the Trust consisted of the following:

<u>Investment Type</u>	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	\$ -	\$ 32,799,789	\$ -	\$ 32,799,789
Total	<u>\$ -</u>	<u>\$ 32,799,789</u>	<u>\$ -</u>	<u>\$ 32,799,789</u>

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

<u>Investment Type</u>	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	<u>\$ -</u>	<u>\$ 31,020,745</u>	<u>\$ -</u>	<u>\$ 31,020,745</u>

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, 2025 and 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 years ended March 31, 2025 and 2024, the expected annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 5.74% and 6.00%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

At March 31, 2025, the Authority reported \$52,144,460 for the total OPEB liability and \$19,344,671 for the net OPEB liability after the reduction of the plan's fiduciary net position. The financial information for year ending March 31, 2025, 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, 2024 and March 31, 2025, respectively. The results of the April 1, 2025 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:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances - April 1, 2024	\$ 51,887,797	\$ 31,020,745	\$ 20,867,052
Changes for the Year:			
Service Cost	2,324,788	-	2,324,788
Interest	3,159,334	-	3,159,334
Changes in Assumptions	(2,644,242)	-	(2,644,242)
Differences Between Expected and Actual Experience	530,836	-	530,836
Changes in Benefit Terms	-	-	-
Employer Contributions	-	3,114,053	(3,114,053)
Net Investment Income	-	1,779,044	(1,779,044)
Net Benefit Payments	(3,114,053)	(3,114,053)	-
Net Changes	<u>256,663</u>	<u>1,779,044</u>	<u>(1,522,381)</u>
Balances - March 31, 2025	<u>\$ 52,144,460</u>	<u>\$ 32,799,789</u>	<u>\$ 19,344,671</u>

For the year ended March 31, 2025, the Authority recognized OPEB expense of \$4,836,356. At March 31, 2025, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 8,658,944	\$ 4,320,029
Change in Assumptions	1,739,677	3,625,703
Differences Between Projected and Actual Earnings on Investments	432,206	-
Total	<u>\$ 10,830,827</u>	<u>\$ 7,945,732</u>

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

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

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	<u>6,675,492</u>	<u>4,002,011</u>	<u>2,673,481</u>
Balances - March 31, 2024	<u>\$ 51,887,797</u>	<u>\$ 31,020,745</u>	<u>\$ 20,867,052</u>

For the year ended March 31, 2024, the Authority recognized OPEB expense of \$8,570,056. At March 31, 2024, the Authority reported deferred outflows and 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	<u>\$ 12,882,716</u>	<u>\$ 6,588,539</u>

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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 outflows/inflows of resources related to OPEB will be recognized in the Authority's OPEB expense as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2026	\$ 2,164,270
2027	1,866,880
2028	89,610
2029	(406,545)
2030	(399,715)
Thereafter	<u>(429,405)</u>
Total	<u>\$ 2,885,095</u>

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal - level % of pay.
Salary Increases	4.00%.
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.

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

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 as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
2025	5.00%	6.00%	7.00%
Net OPEB Liability	\$ 23,099,708	\$ 19,344,671	\$ 15,956,255

	1% Decrease	Current Discount Rate	1% Increase
2024	5.00%	6.00%	7.00%
Net OPEB Liability	\$ 24,882,883	\$ 20,867,052	\$ 17,274,040

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
2025	5.00%	6.00%	7.00%
Net OPEB Liability	\$ 14,824,103	\$ 19,344,671	\$ 24,581,926

	1% Decrease	Healthcare Cost Trend	1% Increase
2024	5.00%	6.00%	7.00%
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.

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NOTE 12 PENSION PLAN (CONTINUED)

Plan Description (Continued)

Employees covered by the Plan as of July 1, 2023, consisted of the following:

Active Plan Participants	26,646
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	781
Disabled	3,758
Retirees Receiving Benefits	22,409
Beneficiaries Receiving Benefits	8,565
Deferred Retirement Option Plan (Drop) Participants	<u>2,210</u>
Total Membership	<u><u>64,369</u></u>
Number of Participating Employers	<u><u>4</u></u>

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%).

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NOTE 12 PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

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, 2023, the date of the most recent actuarial valuation, there was \$7.2 million in the PAF and the Board voted to make PAF distributions of \$57,000 during the fiscal year ended June 30, 2024.

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, 2024, is \$200.4 million.

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NOTE 12 PENSION PLAN (CONTINUED)

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, 2023, members contributed at one of the following rates:

Employee Contribution Rates					
For the Period of July 1, 2023 to June 30, 2024					
		Municipal (1)	Elected (2)	Police	Fire
Plan 67		7.00 %	N/A	6.00 %	6.00 %
Plan 87		3.66	11.75 %	6.84	6.84
Plan 87	50% of Aggregate Normal Cost (3)	4.43	N/A	N/A	N/A
Plan 87	Accelerated Vesting (4)	5.29	13.92	N/A	N/A
Plan 87	Prime (5)	4.66	12.75	7.84	7.84
Plan 10		2.60	N/A	7.34	7.34
Plan 10	Accelerated Vesting	3.49	N/A	N/A	N/A
Plan 16 (6)		4.17	N/A	N/A	N/A
Plan 16	Accelerated Vesting (7)	4.64	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 \$571,022 under Plan 87 Elected, normal cost of \$323,730 under Plan 87 Municipal and current annual payroll of \$3,205,286.
3. This represents 50% of aggregate Normal Cost for all Members in Plan Y and applies to Deputy Sheriffs hired between 1/1/2012 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.

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.

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NOTE 12 PENSION PLAN (CONTINUED)

Funding Policy and Contributions (Continued)

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, 2020, 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.

In fiscal year 2024, the City and other employers' contributions of \$948.7 million was more than the actuarially determined employer contribution (ADEC) of \$822.3 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 2024, the City and other employers' contributions of \$948.7 million exceeded the Minimum Municipal Obligation of \$671.7 million.

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NOTE 12 PENSION PLAN (CONTINUED)

Funding Policy and Contributions (Continued)

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 2024, the City and other employers' contributions of \$948.7 million exceeded the contribution under Revenue Recognition Policy of \$742.7 million.

The annual required contribution was determined based on the most recent annual actuarial valuation dated July 1, 2023. 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 7.30% 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.

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 7.30% 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 7.30% over a market cycle. The investment return assumption was reduced by the Board from 7.35% to 7.30% 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.

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NOTE 12 PENSION PLAN (CONTINUED)

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

The following was the Board's approved asset allocation policy as of June 30, 2024:

<u>Asset Class</u>	<u>Target</u>
Broad Fixed Income	21.00 %
91 Day T-Bills	4.00
Opportunistic Credit	3.00
U.S. All Cap Core Equity	24.00
Broad Non-U.S. Equity	12.00
Emerging Market Equity	2.00
Global Low Volatility Equity	8.00
Core Real Estate	7.00
Public REITs	1.00
Opportunistic Real Estate	1.00
Global Infrastructure	5.00
Private Debt	2.00
Private Equity	10.00
Total	<u>100.00 %</u>

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.

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, 2024, are summarized in the following table: (see pension plan's investment policy:

<https://www.phila.gov/media/20240516111338/pensionsinvestment-policy-statement.pdf>).

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NOTE 12 PENSION PLAN (CONTINUED)

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

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Broad Fixed Income	4.80 %
91 Day T-Bills	3.50
Opportunistic Credit	7.50
U.S. All Cap Core Equity	7.50
Broad Non-U.S. Equity	7.70
Emerging Market Equity	8.10
Global Low Volatility Equity	6.00
Core Real Estate	6.00
Public REITs	5.50
Opportunistic Real Estate	9.80
Global Infrastructure	6.70
Private Debt	9.40
Private Equity	10.20

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.

Money-Weighted Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 9.00%. 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, 2024, 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, 2024, were as follows:

Total Pension Liability	\$ 13,032,857,000
Plan Fiduciary Net Position	<u>8,566,208,000</u>
Plan Net Pension Liability	<u>\$ 4,466,649,000</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 <u>65.7%</u>

At June 30, 2024, the Authority reported a liability of \$43,773,163 for its proportionate share of the Plan net pension liability.

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NOTE 12 PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2023, and was rolled forward to June 30, 2024. The July 1, 2023 valuation used the following actuarial assumptions, applied to all periods including the measurement period:

Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	7.30% compounded annually, net of expenses
Salary Increases:	Age based table

- The investment return assumption was changed from 7.35% from the prior year to 7.30% 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.

Actuarial Assumptions (Continued)

The measurement date for the net pension liability (NPL) is June 30, 2024. Measurements are based on the fair value of assets as of June 30, 2024, and the total pension liability (TPL) as of the valuation date, July 1, 2023, updated to June 30, 2024. 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 \$376 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 \$1.7 billion.

Additionally, there was an actuarial experience gain during the year of approximately \$171 million.

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 7.30%. 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.

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NOTE 12 PENSION PLAN (CONTINUED)

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 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 or one percentage point higher than the current rate:

	<u>1% Decrease 6.30%</u>	<u>Discount Rate 7.30%</u>	<u>1% Increase 8.30%</u>
2025			
Proportionate Share of the Plan			
Net Pension Liability	\$ 56,732,851	\$ 43,773,163	\$ 32,722,081
	<u>1% Decrease 6.35%</u>	<u>Discount Rate 7.35%</u>	<u>1% Increase 8.35%</u>
2024			
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, 2025 and 2024, the Authority recognized pension expense of \$16,799,504 and \$4,171,822, respectively.

At March 31, 2025, the Authority reported the proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,777,018	\$ 496,534
Change in Assumptions	1,475,045	-
Differences Between Projected and Actual Earnings on Investments	764,161	-
Changes in Proportionate Share	12,335,623	13,831,235
Difference Between Projected and Actual Contributions	11,959,703	-
Contributions Made Subsequent to Measurement Date	12,604,745	-
Total	<u>\$ 40,916,295</u>	<u>\$ 14,327,769</u>

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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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	<u>\$ 26,638,129</u>	<u>\$ 31,264,594</u>

The \$12,604,745 of contributions made subsequent to the measurement date will be recognized in the year ending March 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2026	\$ (2,569,295)
2027	6,909,728
2028	4,885,583
2029	4,757,764
Total	<u>\$ 13,983,780</u>

At March 31, 2025, the Authority reported a payable of \$4,020,580 for the outstanding amount of contributions to the pension plan required for the year ended March 31, 2025.

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.

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NOTE 13 COLLECTIVE BARGAINING AGREEMENTS

There are several collective bargaining agreements in place during the fiscal year ended March 31, 2025, covering Authority employees. Collective bargaining agreement terms and the related union employee participation is as follows:

	<u>Current Contract Term</u>	<u>Number of Participants at March 31, 2025</u>	<u>Number of Participants at March 31, 2024</u>
American Federation of State, County, and Municipal Employees (AFSCME) District Council 33	9/1/2021-8/31/2025	546	521
AFSCME Locals 2186 and 2187, District Council 47	9/1/2021-8/31/2025	152	151
International Union of Painters and Allied Trades District Council 21, Local 252	5/1/2022-4/30/2026	49	36
Teamsters Union Local 115	6/1/2022-5/31/2026	39	48
Transport Workers Union of America, Local 700	1/15/2018-1/14/2022 (Still Operating)	27	27

The number of employees covered in collective bargaining agreements represents 70.09% and 68.09% of the Authority's employees as of March 31, 2025 and 2024, 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, 2025.

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.

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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. As of March 31, 2024, the Authority contributed \$214.63 per week, per participating employee. As of March 31, 2025, the Authority contributed \$230.49 per week, per participating employee. The contribution rates to the Local 115 Plan are subject to review and approval by the Local 115 Plan actuary.

The Authority contributed \$491,121 to the Local 115 Plan for the year ended March 31, 2025. The Authority reported \$0 payable to the Local 115 Plan as of March 31, 2025.

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

<u>Year Ending March 31,</u>	<u>Teamsters Union Local 115 Pension Plan Required Contributions</u>	<u>Authority's Contributions to Teamsters Union Local 115 Pension Plan</u>
2025	\$ 491,121	\$ 491,121
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

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NOTE 14 COMMITMENTS

Broad and Wood Street Garage

In August 2025, The Authority entered into an agreement of sale with IS3 West Girard LLC to purchase the single-tenant parking facility, located at Broad and Wood Streets in Philadelphia, for \$21,300,000. This is an existing parking facility with 823 parking spaces and totaling 261,770 square feet of net rentable area that is located on a 0.53 acre site located at 306 North Broad Street, Philadelphia, PA.

Duncan Solutions

In May 2025, there was a five-year agreement enforced with an option of five one-year renewal agreements for the On Street Parking Program revenue collection effort.

There are two main pieces to the agreement:

“Per Ticket Fee” refers to the \$8.35 that Duncan Solutions can submit for reimbursement on a monthly basis for each valid parking citation that is issued by the Authority (example: 100,000 parking citations issued in one month = Duncan Solutions invoice for \$835,000). This per ticket fee will increase by 3% each year of the contract.

“Contingency Fee” refers to two separate percentages that Duncan Solutions is eligible to invoice for on a monthly basis. Duncan Solutions is eligible to collect 9.5% of payments that are made on parking citations that are 30 days beyond receiving their third payment notice and have not reached the 180-day unpaid threshold. Duncan Solutions is eligible to receive 11.5% of payments that are made on red light camera and speed camera citations that are 30 days beyond receiving their fourth payment notice and have not reached the 180-day unpaid threshold. All citations that go beyond 180 days without being paid are re-assigned to the Authority’s debt collections contractors. The contract states that Duncan Solutions may only request payment on a minimum of 50% of these contingency fees until final system acceptance is granted by the Authority. At that time, the remaining percentage that has been withheld by the Authority during that time frame will also be reimbursed to Duncan Solutions.

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 \$4,808,648 during the year ended March 31, 2025.

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, 2025, a total of 40 cameras at 10 sites were installed for the Speed Camera program. During the year ended March 31, 2025, the contract cost \$1,625,168.

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FOR THE YEARS ENDED MARCH 31, 2025 AND 2024

NOTE 15 SERVICE AGREEMENTS (CONTINUED)

The Authority maintains contracts with Modaxo 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. Of the 146 cameras, 74 are maintained by Verra Mobility and 72 by Modaxo. During the year ended March 31, 2025, the contracts cost \$2,389,090.

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, 2025. 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
SCHEDULES 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, 2024	0.98 %	\$ 43,773,163	\$ 55,869,313	78.35%	65.73 %
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, 2024	\$ 11,466,127	\$ 16,194,620	\$ (4,728,493)	\$ 55,869,313	28.99%
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

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

	2025	2024	2023	2022	2021	2020	2019
Total OPEB Liability:							
Service Cost	\$ 2,324,788	\$ 1,883,453	\$ 1,853,461	\$ 1,582,758	\$ 1,525,431	\$ 1,196,302	\$ 1,363,719
Interest Cost	3,159,334	2,742,249	2,902,620	2,724,765	2,654,752	1,635,090	1,767,609
Changes of Assumptions	(2,644,242)	4,589,629	(3,151,349)	1,685,475	163,463	13,890,864	(35,739)
Difference in Expected and Actual Experiences	530,836	(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	(3,114,053)	(2,783,222)	(4,485,886)	(4,056,291)	(2,411,889)	(2,652,726)	(1,978,803)
Net Change in Total OPEB Liability	256,663	6,675,492	(3,554,171)	2,908,339	1,931,757	16,544,823	(1,704,269)
Total Pension Liability – Beginning	51,887,797	45,212,305	48,766,477	45,858,138	43,926,381	27,381,558	29,085,827
Total Pension Liability – Ending (A)	<u>\$ 52,144,460</u>	<u>\$ 51,887,797</u>	<u>\$ 45,212,306</u>	<u>\$ 48,766,477</u>	<u>\$ 45,858,138</u>	<u>\$ 43,926,381</u>	<u>\$ 27,381,558</u>
Plan Fiduciary Net Position:							
Employer Contributions	\$ 3,114,053	\$ 2,783,222	\$ 2,720,409	\$ 4,056,291	\$ 2,411,889	\$ 11,659,159	\$ 17,886,394
Net Investment Income	1,779,044	4,002,011	(2,262,912)	354,598	6,112,973	(1,248,027)	913,556
Net Benefit Payments	(3,114,053)	(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	1,779,044	4,002,011	(4,028,389)	354,598	6,112,973	7,758,406	16,821,147
Plan Fiduciary Net Position – Beginning	31,020,745	27,018,734	31,047,124	30,692,526	24,579,553	16,821,147	-
Plan Fiduciary Net Position – Ending (B)	<u>\$ 32,799,789</u>	<u>\$ 31,020,745</u>	<u>\$ 27,018,735</u>	<u>\$ 31,047,124</u>	<u>\$ 30,692,526</u>	<u>\$ 24,579,553</u>	<u>\$ 16,821,147</u>
Authority's Net OPEB Liability - ending (A) – (B)	<u>\$ 19,344,671</u>	<u>\$ 20,867,052</u>	<u>\$ 18,193,571</u>	<u>\$ 17,719,353</u>	<u>\$ 15,165,612</u>	<u>\$ 19,346,828</u>	<u>\$ 10,560,411</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	62.90%	59.78%	59.76 %	63.66 %	66.93 %	55.96 %	61.43 %
Covered Payroll	\$ 59,875,219	\$ 59,875,219	\$ 46,233,251	\$ 46,233,251	\$ 45,540,039	\$ 45,047,674	\$ 24,316,907
Money-Weighted Rate of Return	5.74 %	14.81 %	(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
SCHEDULES OF AUTHORITY CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS PLAN - LAST TEN YEARS*

	2025	2024	2023	2022	2021	2020	2019
Actuarially Determined Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution	<u>3,114,053</u>	<u>2,783,222</u>	<u>2,720,409</u>	<u>4,056,291</u>	<u>24,118,889</u>	<u>11,659,159</u>	<u>17,886,394</u>
Contribution Excess (Deficiency)	<u>\$ 3,114,053</u>	<u>\$ 2,783,222</u>	<u>\$ 2,720,409</u>	<u>\$ 4,056,291</u>	<u>\$ 24,118,889</u>	<u>\$ 11,659,159</u>	<u>\$ 17,886,394</u>
Covered Payroll	\$ 59,875,219	\$ 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	5.20%	4.65%	5.88 %	8.77 %	5.30 %	25.80 %	73.56 %
Notes to Schedule: Valuation Date:	April 1, 2024	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:	Entry Age Normal						
Actuarial Cost Method	Level Percentage of Payroll						
Amortization Method	Five Years						
Amortization Period	Market Value as of March 31						
Asset Valuation Method	2.50% per Year						
Inflation	7.00% Initial, Decreasing .25% to .50% per Year to an Ultimate Rate of 4.50%						
Healthcare Cost Trend Rates	4.00% per Year						
Salary Increases	6.00%						
Discount Rate	Assume rates are based on those used for the City of Philadelphia Municipal Retirement System						
Retirement Age	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)
STATEMENTS OF NET POSITION BY PROGRAM
MARCH 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF MARCH 31, 2024)

	Legislatively Mandated Administrative and Enforcement Programs			
	On-Street	Taxi and Limousine Division	Red Light Camera Enforcement	Speed Camera Enforcement
ASSETS				
Cash and Cash Equivalents	\$ 8,992,100	\$ 6,456,668	-	-
Investments	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Accounts Receivable	51,601,449	-	21,145,351	21,289,905
Leases Receivable	-	-	-	-
Prepaid Expenses	84,000	-	-	-
Total Current Assets	<u>60,677,549</u>	<u>6,456,668</u>	<u>21,145,351</u>	<u>21,289,905</u>
Restricted Cash and Cash Equivalents	2,500,611	-	7,935,126	3,130,738
Noncurrent Assets				
Leases Receivable	-	-	-	-
Property and Equipment:				
Land	-	-	-	-
Construction-In-Progress	134,580	31,568	-	-
Parking Facilities and Improvements	3,408,971	1,082,998	-	-
Improvements, Equipment, and Furniture	51,891,973	376,660	647,152	-
Right-of-Use Asset	-	-	-	-
Subscription-Based Information Technology Arrangements	-	-	-	-
Less: Accumulated Depreciation	<u>(39,105,436)</u>	<u>(1,375,986)</u>	<u>(647,152)</u>	<u>-</u>
Total Property and Equipment	<u>16,330,088</u>	<u>115,240</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>16,330,088</u>	<u>115,240</u>	<u>-</u>	<u>-</u>
Total Assets	<u>79,508,248</u>	<u>6,571,908</u>	<u>29,080,477</u>	<u>24,420,643</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows for Pension	23,809,192	1,067,915	57,283	57,283
Deferred Outflows for OPEB	7,642,328	434,143	199,423	199,423
Total Deferred Outflows of Resources	<u>31,451,520</u>	<u>1,502,058</u>	<u>256,706</u>	<u>256,706</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 110,959,768</u>	<u>\$ 8,073,966</u>	<u>\$ 29,337,183</u>	<u>\$ 24,677,349</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 8,693,244	\$ 345,239	\$ 2,159,864	\$ 235,569
Accrued Interest Payable	-	-	-	-
Leases Payable	-	-	-	-
Subscription-Based Information Technology Arrangements Payable	-	-	-	-
Due to The City of Philadelphia	2,500,611	-	-	-
Due to The School District of Philadelphia	-	-	-	-
Due to The Pennsylvania Department of Transportation	-	-	14,444,301	7,567,726
Current Portion of Revenue Bonds	1,371,429	-	-	-
Due to (from) other funds	<u>20,801,890</u>	<u>(416,517)</u>	<u>(3,351,651)</u>	<u>(1,868,543)</u>
Total Current Liabilities	<u>33,367,174</u>	<u>(71,278)</u>	<u>13,252,514</u>	<u>5,934,752</u>
Accrued Expenses	-	-	-	-
Revenue Bonds Payable	2,057,143	-	-	-
Leases Payable	-	-	-	-
Subscription-Based Information Technology Arrangements Payable	-	-	-	-
Accrued Claims Payable	-	-	-	-
Net Other Postemployment Benefits (OPEB) Liability	27,817,492	1,399,560	667,272	667,272
Net Pension Liability	<u>25,471,605</u>	<u>1,142,481</u>	<u>61,282</u>	<u>61,282</u>
Total Long-Term Liabilities	<u>55,346,240</u>	<u>2,542,041</u>	<u>728,554</u>	<u>728,554</u>
Total Liabilities	<u>88,713,414</u>	<u>2,470,763</u>	<u>13,981,068</u>	<u>6,663,306</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for Pension	8,337,329	373,955	20,059	20,059
Deferred Inflows for OPEB	5,606,580	318,496	146,301	146,301
Deferred Inflows for Leases	-	-	-	-
Total Deferred Inflows of Resources	<u>13,943,909</u>	<u>692,451</u>	<u>166,360</u>	<u>166,360</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 102,657,323</u>	<u>\$ 3,163,214</u>	<u>\$ 14,147,428</u>	<u>\$ 6,829,666</u>
NET POSITION				
Net Investment in Capital Assets	\$ 12,901,516	\$ 115,240	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	<u>(4,599,071)</u>	<u>4,795,512</u>	<u>15,189,755</u>	<u>17,847,683</u>
Total Net Position	<u>\$ 8,302,445</u>	<u>\$ 4,910,752</u>	<u>\$ 15,189,755</u>	<u>\$ 17,847,683</u>

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF NET POSITION BY PROGRAM (CONTINUED)
MARCH 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF MARCH 31, 2024)

	Airport	General Operations	2025	2024 (As Restated)
ASSETS				
Cash and Cash Equivalents	\$ 2,690,718	\$ 19,907,728	\$ 38,047,214	\$ 39,243,424
Investments	-	15,369,471	15,369,471	20,132,472
Accrued Interest Receivable	-	37,012	37,012	41,005
Accounts Receivable	-	174,850	94,211,555	91,223,794
Leases Receivable	-	220,961	220,961	287,569
Prepaid Expenses	-	90,541	174,541	180,221
Total Current Assets	<u>2,690,718</u>	<u>35,800,563</u>	<u>148,060,754</u>	<u>151,108,485</u>
Restricted Cash and Investments	17,309,208	15,045,741	45,921,424	52,392,460
Noncurrent Assets				
Leases Receivable	-	8,342,480	8,342,480	8,563,442
Property and Equipment:				
Land	-	18,027,762	18,027,762	18,027,762
Construction-In-Progress	-	1,655,481	1,821,629	5,770,645
Parking Facilities and Improvements	-	69,420,311	73,912,280	69,782,653
Improvements, Equipment, and Furniture	-	20,496,315	73,412,100	63,366,644
Right-of-Use Asset	-	62,254,638	62,254,638	62,254,638
Subscription-Based Information Technology Arrangements	-	7,362,448	7,362,448	9,413,748
Less: Accumulated Depreciation	-	<u>(57,689,108)</u>	<u>(98,817,682)</u>	<u>(88,347,568)</u>
Total Property and Equipment	<u>-</u>	<u>121,527,847</u>	<u>137,973,175</u>	<u>140,268,522</u>
Total Noncurrent Assets	<u>-</u>	<u>129,870,327</u>	<u>146,315,655</u>	<u>148,831,964</u>
Total Assets	<u>19,999,926</u>	<u>180,716,631</u>	<u>340,297,833</u>	<u>352,332,909</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows for Pension	1,632,560	14,292,062	40,916,295	26,638,129
Deferred Outflows for OPEB	1,753,532	601,978	10,830,827	12,882,716
Total Deferred Outflows of Resources	<u>3,386,092</u>	<u>14,894,040</u>	<u>51,747,122</u>	<u>39,520,845</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 23,386,018</u>	<u>\$ 195,610,671</u>	<u>\$ 392,044,955</u>	<u>\$ 391,853,754</u>
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 2,845,971	\$ 10,787,953	\$ 25,067,840	\$ 25,203,640
Accrued Interest Payable	-	137,071	137,071	144,858
Leases Payable	-	1,692,262	1,692,262	1,607,190
Subscription-Based Information Technology Arrangements Payable	-	2,499,560	2,499,560	2,423,788
Due to The City of Philadelphia	7,220,385	(1,350,348)	8,370,648	11,391,184
Due to The School District of Philadelphia	-	-	-	7,174,560
Due to The Pennsylvania Department of Transportation	-	-	22,012,027	24,795,424
Current Portion of Revenue Bonds	-	2,115,514	3,486,943	3,431,943
Due to (from) other funds	38,011	(15,203,190)	-	-
Total Current Liabilities	<u>10,104,367</u>	<u>678,822</u>	<u>63,266,351</u>	<u>76,172,587</u>
Accrued Expenses	-	2,637,666	2,637,666	3,481,847
Revenue Bonds Payable	-	17,706,233	19,763,376	23,250,319
Leases Payable	-	55,761,035	55,761,035	57,453,296
Subscription-Based Information Technology Arrangements Payable	-	73,399	73,399	2,577,579
Accrued Claims Payable	-	7,487,606	7,487,606	8,411,611
Net Other Postemployment Benefits (OPEB) Liability	4,344,132	(15,551,057)	19,344,671	20,867,052
Net Pension Liability	1,746,550	15,289,963	43,773,163	30,990,774
Total Long-Term Liabilities	<u>6,090,682</u>	<u>83,404,845</u>	<u>148,840,916</u>	<u>147,032,478</u>
Total Liabilities	<u>16,195,049</u>	<u>84,083,667</u>	<u>212,107,267</u>	<u>223,205,065</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows for Pension	571,679	5,004,688	14,327,769	31,264,594
Deferred Inflows for OPEB	1,286,430	441,624	7,945,732	6,588,539
Deferred Inflows for Leases	-	8,316,681	8,316,681	8,676,926
Total Deferred Inflows of Resources	<u>1,858,109</u>	<u>13,762,993</u>	<u>30,590,182</u>	<u>46,530,059</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 18,053,158</u>	<u>\$ 97,846,660</u>	<u>\$ 242,697,449</u>	<u>\$ 269,735,124</u>
NET POSITION				
Net Investment in Capital Assets	\$ -	\$ 54,884,084	\$ 67,900,840	\$ 61,333,552
Restricted	-	4,322,108	4,322,108	4,863,485
Unrestricted	5,332,860	38,557,819	77,124,558	55,921,593
Total Net Position	<u>\$ 5,332,860</u>	<u>\$ 97,764,011</u>	<u>\$ 149,347,506</u>	<u>\$ 122,118,630</u>

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY PROGRAM
YEAR ENDED MARCH 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2024)

	Legislatively Mandated Administrative and Enforcement Programs			
	On-Street	Taxi and Limousine Division	Red Light Camera Enforcement	Speed Camera Enforcement
OPERATING REVENUES				
Charges for Services	\$ 171,561,477	\$ 6,341,097	\$ 33,621,985	\$ 19,134,136
OPERATING EXPENSES				
Direct Operating Expenses	87,308,167	3,857,566	8,768,371	3,789,862
Administrative Expenses	29,106,473	1,230,335	2,498,412	1,079,374
Expense to the City of Philadelphia	42,442,274	-	-	-
Expense to the School District of Philadelphia	-	-	-	-
Expense to the Pennsylvania Department of Transportation	-	-	22,604,039	13,002,643
Expense to the National Park Service	-	-	-	-
Expense to the Delaware River Port Authority	-	-	-	-
Depreciation and Amortization Expense	3,739,357	24,552	-	-
Total Operating Expenses	<u>162,596,271</u>	<u>5,112,453</u>	<u>33,870,822</u>	<u>17,871,879</u>
OPERATING INCOME	8,965,206	1,228,644	(248,837)	1,262,257
NONOPERATING REVENUES (EXPENSES)				
Investment (Loss) Income	406,230	160,810	67,625	124,933
Interest Expense	(250,174)	-	-	-
Total Nonoperating Expenses, Net	<u>156,056</u>	<u>160,810</u>	<u>67,625</u>	<u>124,933</u>
CHANGE IN NET POSITION	9,121,262	1,389,454	(181,212)	1,387,190
Net Position - Beginning of Year	<u>(818,817)</u>	<u>3,521,298</u>	<u>15,370,967</u>	<u>16,460,493</u>
NET POSITION - END OF YEAR	<u>\$ 8,302,445</u>	<u>\$ 4,910,752</u>	<u>\$ 15,189,755</u>	<u>\$ 17,847,683</u>

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY PROGRAM
(CONTINUED)
YEAR ENDED MARCH 31, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2024)

	Airport	General Operations	2025	2024 (As Restated)
OPERATING REVENUES				
Charges for Services	\$ 89,090,186	\$ 21,315,081	\$ 341,063,962	\$ 332,237,468
OPERATING EXPENSES				
Direct Operating Expenses	14,698,533	(1,909,495)	116,513,004	105,827,138
Administrative Expenses	2,624,219	3,992,925	40,531,738	29,765,231
Expense to the City of Philadelphia	68,734,019	(2,691,927)	108,484,366	116,547,269
Expense to the School District of Philadelphia	-	-	-	7,174,560
Expense to the Pennsylvania Department of Transportation	-	-	35,606,682	50,938,299
Expense to the National Park Service	-	1,046,823	1,046,823	1,055,569
Expense to the Delaware River Port Authority	-	84,321	84,321	180,264
Depreciation and Amortization Expense	-	8,757,505	12,521,414	11,894,677
Total Operating Expenses	<u>86,056,771</u>	<u>9,280,152</u>	<u>314,788,348</u>	<u>323,383,007</u>
OPERATING INCOME	3,033,415	12,034,929	26,275,614	8,854,461
NONOPERATING REVENUES (EXPENSES)				
Investment (Loss) Income	597,838	2,068,435	3,425,871	3,941,472
Interest Expense	-	(2,222,435)	(2,472,609)	(2,694,702)
Total Nonoperating Expenses, Net	<u>597,838</u>	<u>(154,000)</u>	<u>953,262</u>	<u>1,246,770</u>
CHANGE IN NET POSITION	3,631,253	11,880,929	27,228,876	10,101,231
Net Position - Beginning of Year	<u>1,701,607</u>	<u>85,883,082</u>	<u>122,118,630</u>	<u>112,017,399</u>
NET POSITION - END OF YEAR	<u>\$ 5,332,860</u>	<u>\$ 97,764,011</u>	<u>\$ 149,347,506</u>	<u>\$ 122,118,630</u>

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, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Market Street East Garage	\$ 2,453,689	\$ 2,366,752
2nd and Samsom Garage	2,929,523	2,676,588
Independence Mall Garage	2,908,246	2,971,431
Family Court 15th and Arch St. Garage	1,061,678	1,031,603
8th and Filbert St. Garage	4,850,346	4,426,458
10th and Ludlow St. Garage	1,551,230	1,702,946
Total operating revenues	15,754,712	15,175,778
OPERATING EXPENSES		
Direct operating expense	4,435,176	5,645,271
Administrative expenses	2,392,739	1,812,006
Expense to the City of Philadelphia	(2,736,214)	751,399
Expense to the National Park Service	1,046,823	963,670
Total operating expenses	5,138,524	9,172,346
OPERATING INCOME, NET	\$ 10,616,188	\$ 6,003,432
Debt Service	\$ 1,545,047	\$ 1,538,968
Debt Service Coverage Ratio	6.87	3.90
Debt Service Coverage Requirement	1.20	1.20
Ratio Over	5.67	2.70

PHILADELPHIA PARKING AUTHORITY
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA, PENNSYLVANIA)
REFORMATTED STATEMENTS OF NET POSITION
MARCH 31, 2025 AND 2024
(IN THOUSANDS)

	2025	2024 (As Restated)
ASSETS		
Cash and cash equivalents	\$ 38,047	\$ 39,243
Investments	15,369	20,132
Accrued interest receivable	37	41
Accounts receivable	94,212	91,224
Current Portion of leases receivable	221	288
Prepaid expenses	175	180
Restricted cash and investments	45,921	52,393
Noncurrent portion of leases receivable	8,343	8,563
Capital assets, net	137,973	140,269
Total Assets	<u>340,298</u>	<u>352,333</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows for pension	40,916	26,638
Deferred outflows for OPEB	10,831	12,883
Total Deferred Outflows of Resources	<u>51,747</u>	<u>39,521</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 392,045</u>	<u>\$ 391,854</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 25,068	\$ 25,204
Accrued interest payable	137	145
Current portion of leases payable	1,692	1,607
Current portion of SBITA payable	2,499	2,424
Due to the City of Philadelphia	8,371	11,391
Due to the School District of Philadelphia	-	7,175
Due to the Pennsylvania Department of Transportation	22,012	24,795
Current portion of other long-term obligations	3,487	3,432
Noncurrent portion of accrued expenses	2,638	3,482
Noncurrent portion of other long-term obligations	19,763	23,250
Noncurrent portion of leases payable	55,761	57,453
Noncurrent of SBITA payable	73	2,577
Accrued claims payable	7,488	8,412
Payable for post-retirement benefits other than pensions	19,345	20,867
Net pension liability	43,773	30,991
Total Liabilities	<u>212,107</u>	<u>223,205</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows for pension	14,328	31,265
Deferred inflows for OPEB	7,946	6,588
Deferred inflows for leases	8,316	8,677
Total Deferred Inflows of Resources	<u>30,590</u>	<u>46,530</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 242,697</u>	<u>\$ 269,735</u>
NET POSITION	<u>\$ 149,348</u>	<u>\$ 122,119</u>

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, 2025 AND 2024
(IN THOUSANDS)

	2025	2024 (As Restated)
EXPENSES		
Operating expenses	\$ 116,513	\$ 105,827
Expense to the City of Philadelphia	108,484	116,547
Expense to the School District of Philadelphia	-	7,175
Expense to the Pennsylvania Department of Transportation	35,607	50,938
Expense to the National Park Service	1,047	1,056
Expense to the Delaware River Port Authority	84	180
Administrative expenses	40,532	29,765
Depreciation and amortization expense	12,521	11,894
Total operating expenses	314,788	323,382
PROGRAM REVENUES		
Charges for services	341,064	332,237
Net program revenues	26,276	8,855
GENERAL REVENUES		
Interest and investment (loss) earnings	953	1,247
CHANGES IN NET POSITION	27,229	10,102
Net Position - Beginning of Year	122,119	112,017
NET POSITION - END OF YEAR	\$ 149,348	\$ 122,119



**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, 2025, 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 4, 2025.

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. 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 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*.

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

King of Prussia, Pennsylvania
December 4, 2025