

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

FINANCIAL REPORT

MARCH 31, 2021 AND 2020

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INDEPENDENT AUDITOR’S REPORT

Board of Directors
The Philadelphia Parking Authority
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activity and the aggregate remaining fund information 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, 2021 and 2020, and the related notes to the financial statements, as listed in the Contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activity, and the aggregate remaining fund information of the Philadelphia Parking Authority as of March 31, 2021 and 2020, and the changes in its financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 3 through 11, the Schedule of Employer's Proportionate Share of the Net Pension Liability and Schedule of Employer Contributions for Pension Plan on page 58, the Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios on page 59 and the Schedule of Authority Contributions for Post-employment Benefits Plan on page 60 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedules at pages 61-67 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Boyer & Ritter". The signature is written in a cursive, flowing style with a large, sweeping underline.

Camp Hill, Pennsylvania
September 21, 2021

PHILADELPHIA PARKING AUTHORITY

**MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended March 31, 2021**

The following 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, 2021, as compared to the year ended March 31, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

BACKGROUND INFORMATION ON THE PHILADELPHIA PARKING AUTHORITY

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

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

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

Net Parking Revenue Expense to the DOA is as follows:

Year Ended March 31, 2021	\$-0-
Year Ended March 31, 2020	\$34,168,891

The decrease in payments is primarily to the Division of Aviation was due to the debilitating effects of the COVID-19 Pandemic that affected all revenue streams at the airport facility.

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

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

Year Ended	Expense to City	Expense to NPS
March 31, 2021	\$-0-	\$492,293
March 31, 2020	\$732,604	\$1,018,086

PHILADELPHIA PARKING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended March 31, 2021

In 2015, the Authority closed on a \$25 million loan to address structural and aesthetic issues in the Center City parking garages. As of the close of the fiscal year, projects have been completed for concrete restoration at Market Street East, Independence Mall and Old City. Elevators have been replaced at Old City. Energy efficient lighting replacement was completed at Independence Mall and Market Street East. Structural shoring was installed at the Jefferson garage. The Authority has approximately \$10 million of the loan proceeds remaining for improvements at 10th & Ludlow Streets as well as other garage projects.

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

The formula for the distribution of On-Street Parking net revenue included in Act 84 established a threshold of \$35 million to be paid to the City with the balance to be paid to the School District. The Act also requires an annual adjustment to the City's threshold based on the percent of increase in gross revenue to the program. While the threshold may be increased based on an increase in gross revenue it can never be reduced even if revenue falls, or expenses increase. The threshold for fiscal year ended March 31, 2021, is \$41,668,299. Pursuant to the statute, the City threshold will not reset next year, though the program revenue will be significantly reduced due to COVID-19 related restrictions.

In 2020, the Authority created an internal collection department to collect outstanding Red Light camera tickets and amounts due for unpaid tickets, fines and penalties. The collection department has the responsibility for managing both the internal process and third-party collectors. The Authority has saved a significant amount in collection costs and gained greater control over collection efforts and enhanced enforcement collections.

The Authority implemented a Mobile Parking Payment System (MPPS) in September 2017 with Park Mobile to provide mobile payments. The initial roll out included Center City and University City and is now in place throughout the city. This product has proven very popular with the public. There have been nearly 550,000 payments monthly through this system representing almost 60% of the total parking payments. This system is still in place for fiscal year 2021 and is operating efficiently and maintaining revenue.

The Authority has recently purchased 1,667 Pay by Plate (PBP) parking kiosks that are being deployed throughout the City to replace outdated equipment. Installation is expected to be completed during fiscal year ending March 2022. It is the expectation that the popularity of the MPPS, combined with the new technology will significantly enhance the parking experience within the City.

PHILADELPHIA PARKING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended March 31, 2021

Due to the increase of PBP transactions, the Authority chose to install one kiosk per block, that accepts coin and credit cards. The Authority is currently experiencing a 4.5% payment in coins and a 35% payment with credit cards. The remaining percentage as noted above is approximately 60%.

The Authority's role in improving traffic safety expanded in fiscal year 2001, when the City's Managing Director requested the Authority be the exclusive towing and impoundment agent for the Live Stop Program, authorized by Act 93 of 1996 of the General Assembly. That program requires the impoundment of vehicles which are found to be unregistered or operated by an unlicensed driver during a police stop. Subsequent Acts of the Legislature codified the Authority's role as the towing and impoundment agent, established a surcharge on moving violations issued in the City of Philadelphia to support the program, and separated revenue generated by the program from those of the On-Street Parking operation. Currently, Live Stops are in a downward trend to as low of 25% of Live Stops in the past in fiscal year 2021. The numbers have also remained stagnant in the first quarter of 2022. Vehicles stops by Philadelphia Police and State Police are down and most likely will not increase in the foreseeable future.

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

In 2016, the General Assembly authorized the continuation of the pilot program of Red Light Photo Enforcement until June 15, 2027, through Senate Bill 1267. The legislation continued the Authority's status as the administrator of the program in cooperation with the City of Philadelphia and the Pennsylvania Department of Transportation. Similar to the Live Stop Program, the Red Light Enforcement Program is another tool for the Authority to address fundamental life safety issues in the City and is part of the City's Vision Zero initiative. This program saves lives and reduces property damage by assisting in reducing the number of Red Light related traffic accidents. Furthermore, through improved traffic safety, it can also be used to make a stronger case for further auto insurance rate reductions. To date, 138 cameras have been installed monitoring 32 intersections.

In 2018, the General Assembly authorized the PPA to be the administrator of a five-year pilot program for enforcement of speed violations on Roosevelt Boulevard. The PPA has installed 32 cameras at 8 locations that were selected in coordination with the City. Under the law a fine will be imposed when a driver exceeds the speed limit by at least ten miles per hour. The system went live on August 1st, 2020 and will aid with traffic safety along the Route 1 corridor. Since the implementation of fines, the Authority has seen a drastic reduction in the unsafe behavior of the driving public. Violations issued for speeding have decreased by over 90% within the first several months of the pilot program.

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

PHILADELPHIA PARKING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended March 31, 2021

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

More generally, significant reform measures initiated by the Board beginning in fiscal year 2018 continue to bear fruit. Payments to government entities receiving net revenue payments from the Authority's TNC program decreased by nearly \$902 thousand in fiscal year 2021, over fiscal year 2020 due to the COVID shutdown and the payments directly to the School District of Philadelphia decreased by \$1.8 million. The Taxi and Limo Division continues to support our sole mission of support to the City and the movement of transportation as COVID restrictions are lifted and TNC activity increases.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The *Statement of Net Position* presents information on the Authority's assets, deferred outflows, liabilities and deferred inflows. Assets are classified as either current assets (cash, investments and amounts expected to be received within one year) or non-current assets (restricted cash and investments, property and equipment); liabilities are classified as either current (expected to be paid within one year) or non-current (expected to be paid after March 31, 2021). 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.

PHILADELPHIA PARKING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended March 31, 2021

The *Statement of Fiduciary Net Position* presents the Postretirement Health Insurance Plan's assets, liabilities and net position.

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

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

FINANCIAL ANALYSIS

The following table compares the condensed Statements of Net Position as of March 31, 2021 and 2020:

	March 31, 2021 (in thousands)	March 31, 2020 (in thousands)	Increase (Decrease) (in thousands)	% Increase (Decrease) (rounded)
Current Assets	\$ 157,472	\$ 165,005	\$ (7,533)	-5%
Restricted Cash and Investments	55,453	101,054	(45,601)	-45%
Property, Plant and Equipment - net	175,248	178,824	(3,576)	-2%
Total Assets	388,173	444,883	(56,710)	-13%
Deferred Outflows	43,444	50,425	(6,981)	-14%
Current Liabilities	57,982	94,445	(36,463)	-39%
Non-current Liabilities	212,147	257,018	(44,871)	-17%
Total Liabilities	270,129	351,463	(81,334)	-23%
Deferred Inflows	37,361	29,698	7,663	26%
Net Investment in Capital Assets	85,296	95,609	(10,313)	-11%
Restricted	3,907	3,513	394	11%
Unrestricted	34,924	15,025	19,899	132%
Net Position	\$ 124,127	\$ 114,147	\$ 9,980	9%

- Current assets decreased almost \$7.5 million mainly due to cash payments for prior liabilities in the current fiscal year across all entities and a \$972 thousand dollar change in the receivable write-down for both On Street and Red Light.
- Restricted cash decreased approximately \$45.6 million principally due to the cash payment to the Division of Aviation as investments are liquidated to pay the amounts due to the City.
- Property and equipment decreased a net amount of approximately \$3.6 million principally due to the increase of depreciation expense being greater than the amount of assets purchased for the year. The pandemic put a limit on capital expenditures for the year.
- Deferred outflows decreased approximately \$7.0 million primarily due to changes in GASB 68 and GASB 75 changes in the actuarial valuations of the net pension liability decreasing year over year.
- As of March 31, 2021, the amount due to the City of Philadelphia, included in current liabilities, is \$599 thousand.

PHILADELPHIA PARKING AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2021**

Total remaining amounts due to the City/School District of Philadelphia as of March 31, 2021 and 2020, are as follows:

	March 31, 2021 (in thousands)	March 31, 2020 (in thousands)
On-Street Operation-City	\$ -	\$ 6,146
On-Street Operation-School District	-	3,837
City of Philadelphia, Division of Aviation	33	33,702
Independence Mall	-	915
8th and Chestnut	566	217
Neighborhood Lots	-	(12)
Total	<u>\$ 599</u>	<u>\$ 44,805</u>

- Current liabilities decreased approximately \$36.5 million as a result of the reduction of accrued liabilities and the payments of expenses attributable to fiscal year 2020, that would have been accrued.
- Non-current liabilities decreased approximately \$44.9 million principally due to the decrease in the Authority's proportionate share (1.53%) of the net pension liability as a result of the actuarial valuation of the net pension liability. The liability on March 31, 2020, was \$121 million versus \$95 million for fiscal year 2021. The decrease was also contributed by decreased liabilities to related entities such as the City of Philadelphia and the Commonwealth of Pennsylvania.
- Deferred inflows increased approximately \$7.7 million primarily due to increases in the deferred amounts related to the Authority's net pension liability as a result of the actuarial valuation of the net pension liability for the period ended March 31, 2021, and the actuarial valuation of the Other Post-Employment Benefits, currently known as GASB 75.

PHILADELPHIA PARKING AUTHORITY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2021**

The following table compares the amounts of the Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended March 31, 2021 and 2020:

	March 31, 2021	March 31, 2020	Increase (Decrease)	% Increase (Decrease)
	(in thousands)	(in thousands)	(in thousands)	(rounded)
Operating Revenues	\$ 180,686	\$ 265,121	\$ (84,435)	-32%
Operating Expenses				
Direct Operating expenses	102,786	119,590	(16,804)	-14%
Administrative expenses	18,345	24,776	(6,431)	-26%
Expense to the City of Philadelphia	8,122	76,758	(68,636)	-89%
Expense to the School District of Philadelphia	-	3,505	(3,505)	-100%
Exp to the PA Dept. of Transportation	24,520	9,002	15,518	172%
Depreciation and amortization	13,028	12,961	67	1%
Total Operating Expenses	<u>166,801</u>	<u>246,592</u>	<u>(79,791)</u>	-32%
Operating income	13,885	18,529	(4,644)	-25%
Non-Operating Revenues (Expenses):				
Investment income	872	(3,840)	4,712	-123%
Interest expense	(4,779)	(5,702)	923	-16%
Medallion Fund transfers from State	2	-	2	100%
Total Non-Operating Revenues (Expenses)	<u>(3,905)</u>	<u>(9,542)</u>	<u>5,637</u>	-59%
Increase in net position	9,980	8,987	993	11%
Net Position, beginning of the year	114,147	105,160	8,987	9%
Net Position, end of the year	<u>\$ 124,127</u>	<u>\$ 114,147</u>	<u>\$ 9,980</u>	9%

- Operating revenues decreased approximately \$84.4 million from the prior fiscal year primarily due to the following factors:
 - Major contributors to the reduction in revenue were the reduction in revenues from the On Street program, which saw the largest decrease of \$48.8 million as result of the COVID-19 Pandemic.
- TNC revenue displayed a decrease of \$546 thousand over 2020, primarily due to decreased ridership of Uber/Lyft within the confines of the City.
- Transient and monthly revenues at the Off-Street parking garages decreased \$7.9 million over fiscal year 2020, with a total of \$12.3 million in the current year versus \$20.2 million for the prior year. This was all a direct effect of the COVID-19 Pandemic which affected revenues across the entities. The Off-Street program was successful in keeping expenses to maintain safety and proper operation of the garages.

PHILADELPHIA PARKING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended March 31, 2021

- Direct operating expenses decreased approximately \$16.8 million from the prior year based primarily on the following factors:
 - Several utility and maintenance expenses decreased due to the decreased use of materials and supplies during the year.
 - Pension expenses decreased over the prior year due to the GASB 68 actuarial valuation decreasing in the overall liability. The total decrease was \$19.0 million in direct expense offset.
 - Overtime pay decreased \$1.4 million across all Parking Authority entities.
 - Self-funded medical costs offset these decreases with an overall increase of \$1.7 million.
 - These overall decreases were offset by increases in base pay of \$1.2 million over fiscal year 2020.
- Administrative expenses decreased by approximately \$6.4 million primarily due to the support allocation decreases due to the pension and several direct expense items - the allocations flow through all of the Parking Authority entities.
- Expense to the City and School District decreased by approximately \$72.1 million from the prior fiscal year primarily due to the decrease in revenue due to the pandemic which adversely affected the entire fiscal year. This all was a direct contributor to the decreased payments to the City and School District.
- Expense to the Pennsylvania Department of Transportation increased approximately \$15.5 million due to the addition of the Speed Camera Enforcement program which went live on August 1, 2021.

Total cash paid to the City and School District of Philadelphia and to the Pennsylvania Department of Transportation for the years ended March 31, 2021 and 2020, are as follows:

	March 31, 2021	March 31, 2020
	(in thousands)	(in thousands)
On-Street (including both City & School District of Philadelphia)	\$ 30,063	\$ 58,362
City of Philadelphia, Division of Aviation	33,670	35,764
Pennsylvania Department of Transportation	9,404	10,563
Off-Street	1,201	1,337
Totals	<u>\$ 74,338</u>	<u>\$ 106,026</u>

PHILADELPHIA PARKING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended March 31, 2021

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

In addition to the net revenue payments from operations, the Authority collected and remitted to the City of Philadelphia \$6.6 million for fiscal year 2021, and \$19.84 million for fiscal year 2020 in Parking Privilege Tax.

The Authority also paid to the National Park Service (Department of the Interior) \$492 thousand for fiscal year 2021, 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. After adjusting for depreciation expense and capital assets purchased, the total expense to the City, including the School District, from the On-Street Programs was \$15.0 million in fiscal year 2021, and \$45.2 million in fiscal year 2020.

The Philadelphia Division of Aviation ("DOA") receives the excess of revenues over expenses of the Authority's economy lot and parking garage facilities at the Philadelphia International Airport. After adjusting for depreciation expense and capital assets purchased, the total expense to the DOA for March 31, 2021, was \$-0- all being due to the pandemic issues affecting travel and enplanements

Since the Disney Quest project at 8th & Chestnut Streets has not been completed, the debt service for its bond issue (1999A Indenture) usually exceeds the revenue generated from its present parking facility. The City of Philadelphia guarantees this bond issue. During fiscal year 2019, the 1999A indenture (i.e., the parking lot at 8th & Chestnut Streets) did operate at a deficit. Due to revenue on the option to sell the property the City was not required to cover debt service payments during fiscal year 2021. As of March 31, 2021, the City of Philadelphia has provided slightly over \$14.2 million in funds in its role as guarantor of these bonds. The 1999A Indenture provides for the Authority to repay the City for any funds paid by the City as a result of its guarantee. The Authority would repay these funds if the facility becomes profitable or the property is sold.

REQUESTS FOR INFORMATION

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

THE PHILADELPHIA PARKING AUTHORITY

STATEMENTS OF NET POSITION

March 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 58,415,639	\$ 78,645,671
Investments	15,338,118	15,360,490
Accrued interest receivable	46,363	122,884
Accounts receivable	70,667,569	70,303,709
Prepaid expenses	398,129	571,823
Prepaid to the City of Philadelphia	1,747,630	-
Prepaid to the School District of Philadelphia	10,858,253	-
Total current assets	157,471,701	165,004,577
Restricted cash and investments	55,452,550	101,054,000
Property and Equipment		
Land	18,027,762	18,027,762
Construction-in-progress	10,878,621	9,841,294
Parking facilities and improvements	376,594,315	376,594,315
Improvements, equipment and furniture	53,759,798	45,343,942
Less accumulated depreciation	(284,012,058)	(270,984,102)
Total property and equipment	175,248,438	178,823,211
Total assets	388,172,689	444,881,788
Deferred Outflows of Resources		
Deferred amount on refunding	2,081,565	2,328,879
Deferred outflows for pension	27,801,994	31,895,227
Deferred outflows for OPEB	13,560,387	16,200,922
Total deferred outflows of resources	43,443,946	50,425,028
Total assets and deferred outflows	\$ 431,616,635	\$ 495,306,816
Liabilities		
Accounts payable and accrued expenses	\$ 25,569,613	\$ 31,678,015
Accrued interest payable	275,396	421,037
Due to the City of Philadelphia	598,643	40,968,385
Due to the School District of Philadelphia	-	3,836,702
Due to the Pennsylvania Department of Transportation	16,249,337	1,133,061
Current portion of revenue bonds	15,286,944	16,406,688
Total current liabilities	57,979,933	94,443,888
Revenue bonds payable	78,963,996	94,302,024
Notes payable	18,242,713	18,281,793
Accrued claims payable	4,907,421	3,978,201
Net other postemployment benefits (OPEB) liability	15,165,612	19,346,828
Net pension liability	94,867,659	121,109,118
Total long-term liabilities	212,147,401	257,017,964
Total liabilities	270,127,334	351,461,852
Deferred Inflows of Resources		
Deferred inflows for pension	33,999,228	29,582,072
Deferred inflows for OPEB	3,362,072	115,772
Total deferred inflows of resources	37,361,300	29,697,844
Total liabilities and deferred inflows	\$ 307,488,634	\$ 381,159,696
Net Position		
Net investment in capital assets	\$ 85,295,669	\$ 95,608,671
Restricted	3,907,494	3,513,517
Unrestricted	34,924,838	15,024,932
Total net position	\$ 124,128,001	\$ 114,147,120

See Notes to Financial Statements.

THE PHILADELPHIA PARKING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended March 31, 2021 and 2020

	2021	2020
Operating Revenues	\$ 180,685,693	\$ 265,121,725
Operating Expenses		
Direct operating expenses	102,785,697	119,589,217
Administrative expenses	18,344,659	24,776,298
Expense to the City of Philadelphia	8,121,614	76,758,256
Expense to the School District of Philadelphia	-	3,505,403
Expense to the Pennsylvania Department of Transportation	24,519,953	9,001,675
Depreciation and amortization expense	13,027,956	12,961,377
Total operating expenses	166,799,879	246,592,226
Operating income	13,885,814	18,529,499
Nonoperating Revenues (Expenses)		
Investment income (loss)	872,129	(3,839,868)
Interest expense	(4,779,462)	(5,702,283)
Medallion Fund Transfers from the Commonwealth	2,400	-
Total nonoperating expenses, net	(3,904,933)	(9,542,151)
Change in net position	9,980,881	8,987,348
Net Position - Beginning	114,147,120	105,159,772
Net Position - Ending	\$ 124,128,001	\$ 114,147,120

See Notes to Financial Statements.

THE PHILADELPHIA PARKING AUTHORITY

STATEMENTS OF CASH FLOWS
Years Ended March 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Cash received from customers and others	\$ 180,321,833	\$ 264,217,771
Salaries and administrative costs paid to employees	(88,105,811)	(90,421,148)
Payments to suppliers for services	(47,942,511)	(57,835,303)
Payments to the City of Philadelphia	(50,238,986)	(80,046,264)
Payments to the School District of Philadelphia	(14,694,955)	(15,416,639)
Payments to the Pennsylvania Department of Transportation	(9,403,677)	(10,563,285)
Net cash provided by (used in) operating activities	(30,064,107)	9,935,132
Cash Flows From Capital and Related Financing Activities		
Purchases of property and equipment, net	(9,453,183)	(1,936,709)
Proceeds from medallion fund transfers	2,400	-
Proceeds from issuance of bonds and notes payable	-	9,600,000
Principal paid on revenue bonds and notes payable	(16,360,308)	(14,945,055)
Interest paid on revenue bonds and notes payable	(4,814,333)	(5,565,089)
Net cash used in capital and related financing activities	(30,625,424)	(12,846,853)
Cash Flows From Investing Activities		
Net sale of investments	24,744,335	16,448,120
Investment income (loss)	948,650	(3,878,609)
Net cash provided by investing activities	25,692,985	12,569,511
Net change in cash and cash equivalents	(34,996,546)	9,657,790
Cash and Cash Equivalents:		
Beginning (including restricted cash - see Note 3)	121,478,851	111,821,061
Ending (including restricted cash - see Note 3)	\$ 86,482,305	\$ 121,478,851
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ 13,885,814	\$ 18,529,499
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation	13,027,956	12,961,377
Change in assets and liabilities:		
Accounts receivable	(363,860)	(903,954)
Prepaid expenses and other assets	173,694	(399,851)
Prepaid to the City of Philadelphia	(1,747,630)	-
Prepaid to the School District of Philadelphia	(10,858,253)	-
Accounts payable and other accrued expenses	(5,179,182)	1,682,945
Net OPEB liability and related items	7,818,592	(28,316)
Net pension liability and related items	(17,731,070)	(5,145,714)
Due to the City of Philadelphia	(40,369,742)	(3,288,008)
Due to the School District of Philadelphia	(3,836,702)	(11,911,236)
Due to the Pennsylvania Department of Transportation	15,116,276	(1,561,610)
Net cash provided by (used in) operating activities	\$ (30,064,107)	\$ 9,935,132

See Notes to Financial Statements.

**THE PHILADELPHIA PARKING AUTHORITY
POST-RETIREMENT HEALTH INSURANCE PLAN**

**STATEMENTS OF FIDUCIARY NET POSITION
March 31, 2021 and 2020**

	2021	2020
Assets		
Cash and cash equivalents	\$ 4,137	\$ 4,251
Investments		
U.S. Government - treasury notes	4,758,982	5,334,246
U.S. Government - mortgage backed securities	3,498,583	2,802,752
Mutual funds	22,430,824	16,438,304
Total assets	\$ 30,692,526	\$ 24,579,553
Net Position		
Restricted for other post-employment benefits	\$ 30,692,526	\$ 24,579,553
Total net position	\$ 30,692,526	\$ 24,579,553

See Notes to Financial Statements.

**THE PHILADELPHIA PARKING AUTHORITY
POST-RETIREMENT HEALTH INSURANCE PLAN**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Years Ended March 31, 2021 and 2020**

	2021	2020
Additions		
Contributions		
Employer	\$ 2,411,889	\$ 11,659,159
Total contributions	2,411,889	11,659,159
Net investment income (loss)	6,211,842	(1,207,678)
Total additions	8,623,731	10,451,481
Deductions		
Benefit payments	2,411,889	2,652,726
Administrative expenses	98,869	40,349
Total deductions	2,510,758	2,693,075
Changes in net position	6,112,973	7,758,406
Net Position Restricted for Other Post-employment Benefits:		
Beginning	24,579,553	16,821,147
Ending	\$ 30,692,526	\$ 24,579,553

See Notes to Financial Statements.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and History

General

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

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

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

Note 2. Summary of Significant Accounting Policies

Basis of Presentation: The financial statements of the Authority are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (“GASB”). Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. The statements of net position and statements of revenues, expenses and changes in net position include all fund activity of the Authority and other financial information has been provided to reflect Funds not under Trust Indenture and the Funds under Trust Indenture. 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 Postretirement Health Insurance Plan.

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.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

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

The Authority had received money from the Public Utility Commission for the transfer of regulatory authority of the Taxis and Limousines operating in Philadelphia with the balance to be used to fund operating deficits in later years. The Authority recognizes the inflow of these resources when a deficit is incurred.

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

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

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

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

Interest Capitalization: The Authority capitalizes related interest charges incurred and interest income during the development of its facilities. During the years ended March 31, 2021 and 2020, the Authority had no capitalized interest expense.

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

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements: The Authority adopted GASB Statement No. 83, *Certain Asset Retirement Obligations* (“GASB 83”). GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

The Authority adopted GASB Statement No. 84, *Fiduciary Activities* (“GASB 84”). GASB 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments and separate criteria to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities.

The Authority adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* (“GASB 88”). GASB 88 improves financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government’s future resource flows.

The Authority adopted GASB Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61* (“GASB 90”). GASB 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

Recent Accounting Pronouncements Not Yet Effective: Authority management is in the process of evaluating but has not yet determined how the adoption of the following GASB guidance will impact the Authority's financial statements.

In June 2017, GASB issued Statement No. 87, *Leases* (“GASB 87”). GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Authority is required to adopt GASB 87 for its March 2023 financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (“GASB 89”). GASB 89 will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The Authority is required to adopt GASB 89 for its March 2022 financial statements.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements Not Yet Effective (Continued): In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (“GASB 91”). GASB 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. The Authority is required to adopt GASB 91 for its March 2023 financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020* (“GASB 92”). GASB 92 enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of various GASB standards previously issued. The Authority is required to adopt GASB 92 for its March 2023 financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (“GASB 93”). GASB 93 will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. As a result, more comparable reporting will improve the usefulness of information for users of state and local government financial statements. The Authority is required to adopt GASB 93 for its March 2023 financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (“GASB 94”). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnerships. The Authority is required to adopt GASB 94 for its March 2024 financial statements.

In May 2020, GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements* (“GASB 96”). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The Authority is required to adopt GASB 96 for its March 2024 financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (“GASB 97”). GASB 97, (1) increases consistency and comparability related to the reporting of fiduciary component units where a governing board does not exist and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension and OPEB plans and other employee benefit plans as fiduciary component units; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan. The Authority is required to adopt GASB 97 for its March 2023 financial statements.

Subsequent Events: Subsequent events were evaluated through September 21, 2021, the date the financial statements were available to be issued. See Note 16.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

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:

	2021	2020
Cash on hand	\$ 152,209	\$ 117,783
Demand deposits	84,720,790	107,152,314
Cash equivalents	1,609,306	14,208,754
Total cash and cash equivalents	<u>\$ 86,482,305</u>	<u>\$ 121,478,851</u>

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

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

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

	2021	2020
Cash and equivalents (unrestricted)	\$ 58,415,639	\$ 78,645,671
Restricted cash	28,066,666	42,833,180
Total cash and cash equivalents	<u>\$ 86,482,305</u>	<u>\$ 121,478,851</u>

At March 31, 2021 and 2020, the carrying amount of the Authority's demand deposits with financial institutions was \$84,720,790 and \$107,152,314, respectively, compared to bank balances of \$85,689,364 and \$107,258,401, 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, 2021 and 2020, \$2,750,000 of the Authority's bank balance was insured by the FDIC, respectively. At March 31, 2021 and 2020, \$82,854,927 and \$104,415,391, respectively, of the remaining balance was collateralized by securities pledged and held by the financial institution in accordance with Act 72. At March 31, 2021 and 2020, \$84,437 and \$93,009, respectively, of the balances was uncollateralized.

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

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.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

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

As of March 31, 2021, the Authority had the following cash and investments:

	Ratings	Average Duration	Amount
Cash and cash equivalents	N/A	N/A	\$ 86,482,305
U.S. government mutual funds	N/A	N/A	2,332,691
U.S. government fixed income	Aaa	1.09	16,427,938
U.S. government sponsored fixed income	Aaa	4.31	10,048,959
Guaranteed investments contract	N/A	8.30	13,914,414
Total			<u>\$ 129,206,307</u>

N/A - Not applicable

As of March 31, 2020, the Authority had the following cash and investments:

	Ratings	Average Duration	Amount
Cash and cash equivalents	N/A	N/A	\$ 121,478,851
U.S. government mutual funds	N/A	N/A	6,082,264
U.S. government fixed income	Aaa	0.78	29,090,768
U.S. government sponsored fixed income	Aaa	3.63	23,742,171
Certificates of deposit	N/A	0.53	751,694
Guaranteed investments contract	N/A	9.11	13,914,413
Total			<u>\$ 195,060,161</u>

N/A - Not applicable

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 a 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.

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

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

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

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, 2021, 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 mutual fund	\$ 2,332,691	\$ -	\$ -	\$ 2,332,691
U.S. government fixed income				
U.S. Treasury notes	-	16,427,938	-	16,427,938
U.S. government sponsored fixed income				
Mortgage backed securities	-	8,455,315	-	8,455,315
Commercial lending securities	-	1,593,644	-	1,593,644
Total	\$ 2,332,691	\$ 26,476,897	\$ -	\$ 28,809,588

The recurring fair value measurements for investments as of March 31, 2020, 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 mutual fund	\$ 6,082,264	\$ -	\$ -	\$ 6,082,264
U.S. government fixed income				
U.S. Treasury notes	-	29,090,768	-	29,090,768
U.S. government sponsored fixed income				
Mortgage backed securities	-	22,660,455	-	22,660,455
Commercial lending securities	-	1,081,716	-	1,081,716
Certificate of deposits	-	751,694	-	751,694
Total	\$ 6,082,264	\$ 53,584,633	\$ -	\$ 59,666,897

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

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

The following is a description 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 10.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 4. Accounts Receivable - Tickets and Other

Tickets Receivable

The Authority reports accounts receivable for unpaid tickets as follows:

Fiscal year ended March 31, 2021	On-Street	Red Light	Speed Camera	Total
Tickets receivable	\$ 776,710,711	\$ 62,356,879	\$ 15,684,909	\$ 854,752,499
Less allowance for uncollectible tickets and discounts	(730,871,924)	(50,427,134)	(5,241,393)	(786,540,451)
Tickets receivable - net	\$ 45,838,787	\$ 11,929,745	\$ 10,443,516	\$ 68,212,048
Fiscal year ended March 31, 2020	On-Street	Red Light	Speed Camera	Total
Tickets receivable	\$ 759,404,469	\$ 55,409,339	\$ -	\$ 814,813,808
Less allowance for uncollectible tickets and discounts	(702,152,929)	(44,408,188)	-	(746,561,117)
Tickets receivable - net	\$ 57,251,540	\$ 11,001,151	\$ -	\$ 68,252,691

The parking ticket receivable balance covers the period from 1990 through present. As of March 31, 2021, the Authority did not possess the legal authority to write-off unpaid tickets for any reason; therefore, old outstanding balances must be carried in the ticket receivable balance. 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 2021 and 2020, and present legal restrictions on collection efforts. Recent experience shows that the Authority collects 83% 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:

Fiscal year ending March 31:	Amount
2022	\$ 30,325,861
2023	9,797,693
2024	6,566,207
2025	4,907,737
2026	3,829,564
2027-2031	10,185,219
2032-2036	2,599,767
	<u>\$ 68,212,048</u>

Other Receivables

The Authority reports other receivables of \$2,455,521 and \$2,051,018 as of March 31, 2021 and 2020, respectively.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

The following is a summary of changes in capital assets as of March 31, 2021:

	Balance at March 31, 2020	Increases	Decreases	Balance at March 31, 2021
Property and equipment not being depreciated				
Land	\$ 18,027,762	\$ -	\$ -	\$ 18,027,762
Construction-in-progress	9,841,294	8,215,567	7,178,240	10,878,621
Total property and equipment not being depreciated	27,869,056	8,215,567	7,178,240	28,906,383
Property and equipment being depreciated				
Parking facilities and improvements	376,594,315	-	-	376,594,315
Improvements, equipment and furniture	45,343,942	8,415,856	-	53,759,798
Total property and equipment being depreciated	421,938,257	8,415,856	-	430,354,113
Total property and equipment	449,807,313	16,631,423	7,178,240	459,260,496
Less Accumulated Depreciation				
Parking facilities and improvements	231,286,936	11,568,390	-	242,855,326
Improvements, equipment and furniture	39,697,166	1,459,566	-	41,156,732
Total Accumulated Depreciation	270,984,102	13,027,956	-	284,012,058
Total property and equipment being depreciated, net	150,954,155	(4,612,100)	-	146,342,055
Property and equipment, net	\$ 178,823,211	\$ 3,603,467	\$ 7,178,240	\$ 175,248,438

Construction-in-Progress

During the year ended March 31, 2021, the Authority entered a long-term lease of a facility located at 4101 North Delaware Avenue (Lot 9) and acquired 6 Oregon Avenue (Lot 10). The Authority invested in improvements to this property. The Authority is currently in litigation over the provisions of lease of Lot 9, however, invested costs have been capitalized until the property is potentially placed in service. Lot 10 was acquired to replace an impoundment lot where the lease ended. Further use of the property has been suspended.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

The following is a summary of changes in capital assets as of March 31, 2020:

	Balance at March 31, 2019	Increases	Decreases	Balance at March 31, 2020
Property and equipment not being depreciated				
Land	\$ 18,027,762	\$ -	\$ -	\$ 18,027,762
Construction-in-progress	18,914,273	2,212,453	11,285,432	9,841,294
Total property and equipment not being depreciated	36,942,035	2,212,453	11,285,432	27,869,056
Property and equipment being depreciated				
Parking facilities and improvements	368,707,905	8,067,793	181,383	376,594,315
Improvements, equipment and furniture	42,402,047	2,941,895	-	45,343,942
Total property and equipment being depreciated	411,109,952	11,009,688	181,383	421,938,257
Total property and equipment	448,051,987	13,222,141	11,466,815	449,807,313
Less Accumulated Depreciation:				
Parking facilities and improvements	220,321,829	11,146,490	181,383	231,286,936
Improvements, equipment and furniture	37,882,279	1,814,887	-	39,697,166
Total Accumulated Depreciation	258,204,108	12,961,377	181,383	270,984,102
Total property and equipment being depreciated, net	152,905,844	(1,951,689)	-	150,954,155
Property and equipment, net	\$ 189,847,879	\$ 260,764	\$ 11,285,432	\$ 178,823,211

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 6. Revenue Bonds and Notes Payable

A summary of revenue bonds outstanding as of March 31, 2021 and 2020, is as follows:

Bond Issue	Issuance Date	Amount Issued	Maturity Date	Principal Outstanding March 31, 2021	Principal Outstanding March 31, 2020	Interest Rate	Sinking Fund Requirements	Purpose of Bond Issue
Parking System Revenue Bonds, Series 1999A	May 27, 1999	\$ 47,390,000	February 15, 2029	\$ 8,500,000	\$ 9,350,000	4.00% - 5.25%	Mandatory, beginning February 15, 2018 through 2029	Project has been abandoned and there was a partial defeasance on these bonds.
Airport Parking Revenue Bonds, Series 2009	December 10, 2009	131,050,000	September 1, 2029	56,325,000	70,085,000	3.00% - 5.25%	Mandatory, beginning September 1, 2026 through 2029	Current refunding of July 8, 1999 bonds outstanding. To finance construction of two multi-level parking garages.
Tax Exempt Private Placement Bonds, Series 2014A	December 22, 2014	15,000,000	December 22, 2029	11,300,000	11,900,000	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	7,978,806	8,404,320	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	8,914,286	9,600,000	2.58%	none	Finance the costs of purchasing meters to support the operational needs of the On Street department.
Total Revenue Bonds Outstanding				93,018,092	109,339,320			
Unamortized debt premiums and discounts, net				1,232,848	1,369,392			
Total revenue bonds outstanding net of deferred amount				\$ 94,250,940	\$ 110,708,712			

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 6. 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, 2021, 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 \$895,000 as of March 31, 2021.

On December 10, 2009, the Authority issued \$131,050,000 Series of 2009 Airport Parking Revenue Bonds with interest rates ranging from 3.00% to 5.25% for the purpose of refunding \$135,069,352 of the July 8, 1999 bonds that were outstanding. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,803,945. This difference is being charged to operations through 2030. The Authority completed the refunding to reduce its total debt service payments over the next 20 years by \$15,294,298 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5,128,997. The current maturity is \$11,995,000 as of March 31, 2021.

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 for \$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, 2021.

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 \$1,371,429 as of March 31, 2021.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 6. Revenue Bonds and Notes Payable (Continued)

Notes Payable

On January 29, 2015, The Authority borrowed \$6,000,000 for the Philadelphia Airport Parking Garage Project in anticipation of a future bond financing. The structure of the loan is a tax-exempt bond anticipation note to be paid over a two-year period at a fixed interest rate of 3.07% and matures September 1, 2021, as a result of an extension. The balance of the note payable at March 31, 2021 and 2020, is \$4,783,453 and \$4,793,700, respectively.

On January 29, 2015, The Authority borrowed \$15,000,000 for the Philadelphia Airport Parking Garage Project in anticipation of a future bond financing. The structure of the loan is a tax-exempt bond anticipation note to be paid over a two-year period at a fixed interest rate of 3.07% and matures September 1, 2021, as a result of an extension. The balance of the note payable at March 31, 2021 and 2020, is \$13,459,260 and \$13,488,083, respectively.

The aggregate annual principal and sinking fund payments of debt at March 31, 2021, are as follows:

Fiscal Year Ending March 31,	Revenue Bonds		Notes Payable		Total
	Principal Amount	Interest Amount	Principal Amount*	Notes Payable Interest Amount	
2022	\$ 15,286,943	\$ 3,797,601	\$ 18,242,713	\$ 213,440	\$ 37,540,697
2023	15,946,943	3,062,808	-	-	19,009,751
2024	16,636,943	2,286,326	-	-	18,923,269
2025	10,386,943	1,649,118	-	-	12,036,061
2026	7,211,943	1,256,439	-	-	8,468,382
2027-2030	27,548,377	2,665,538	-	-	30,213,915
	<u>\$ 93,018,092</u>	<u>\$ 14,717,830</u>	<u>\$ 18,242,713</u>	<u>\$ 213,440</u>	<u>\$ 126,192,075</u>

*These notes were refinanced on September 1, 2021, as disclosed in Note 16. The principal maturities of the refinanced notes begin in September 2022 and continue through September 2029, ranging in amounts from \$2.16 million to \$2.94 million.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 6. 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, 2021 and 2020:

	Balance at March 31, 2020	Proceeds	Bonds Refunded	Principal Repayments	Balance at March 31, 2021
Revenue Bonds	\$ 109,339,320	\$ -	\$ -	\$ (16,321,228)	\$ 93,018,092
Notes Payable	\$ 18,281,793	\$ -	\$ -	\$ (39,080)	\$ 18,242,713

	Balance at March 31, 2019	Proceeds	Bonds Refunded	Principal Repayments	Balance at March 31, 2020
Revenue Bonds	\$ 114,684,375	\$ 9,600,000	\$ -	\$ (14,945,055)	\$ 109,339,320
Notes Payable	\$ 18,281,793	\$ -	\$ -	\$ -	\$ 18,281,793

Note 7. 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:

Trust Indenture	2021	2020
May 27, 1999	\$ 3,220,182	\$ 3,220,182
December 10, 2009	10,694,231	10,694,231
	<u>\$ 13,914,413</u>	<u>\$ 13,914,413</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, 2021 and 2020, respectively and is included as a reduction in the amount due to the City of Philadelphia on the statement of net position. The balances in the bond reserve funds noted above are included in restricted cash and investments on the statement of net position.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 8. Restricted Cash, Investments and Net Position

Restricted cash and investments consist of the following at March 31, 2021 and 2020:

	2021	2020
Restricted for Indentures		
<u>Series of 1999A:</u>		
Bond reserve fund	\$ 3,220,182	\$ 3,220,182
Revenue fund	556,143	162,110
Construction fund	102,148	102,222
Bond redemption fund	29,021	29,003
Subtotal	<u>3,907,494</u>	<u>3,513,517</u>
<u>Series of 2008:</u>		
Debt service fund	-	1,082,937
Maintenance fund	3,219,071	3,200,968
Bond redemption fund	3,211,434	8,600,816
Subtotal	<u>6,430,505</u>	<u>12,884,721</u>
<u>Series of 2009:</u>		
Debt service reserve fund	7,053,389	10,763,764
Bond reserve fund	10,694,231	10,694,231
Subtotal	<u>17,747,620</u>	<u>21,457,995</u>
Total restricted for Indentures	<u>28,085,619</u>	<u>37,856,233</u>
Restricted for Airport construction	1,919,920	3,890,543
Restricted for Center City Garage construction	12,706,940	13,421,258
Restricted for the City of Philadelphia	598,643	40,968,385
Restricted for the School District of Philadelphia	-	3,836,702
Restricted for Pennsylvania Department of Transportation	12,141,428	1,080,879
Total restricted cash and investments	<u>\$ 55,452,550</u>	<u>\$ 101,054,000</u>

Restricted net position consists of the following at March 31, 2021 and 2020:

	2021	2020
Restricted cash and investments for Airport Indentures and Airport and Garage construction	\$ 42,712,479	\$ 55,168,034
Less balances restricted for Airport Indenture debt service	(7,053,389)	(11,846,701)
Less balances attributable for Airport Indenture debt service	(17,124,736)	(22,496,015)
Less balances attributable for construction debt	(14,626,860)	(17,311,801)
Restricted net position	<u>\$ 3,907,494</u>	<u>\$ 3,513,517</u>

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. 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:

Coverage	Deductible	Limit per Occurrence	Overall Aggregate Coverage Limit
Auto Liability	\$ 100,000	\$ 1,000,000	\$ -
Crime	25,000	1,000,000	-
Cyber	100,000	10,000,000	-
Directors & Officers/Employment Practices Liability	150,000 EPL 250,000 D&O	10,000,000	-
Employment Practices	100,000	1,000,000	10,000,000
Garagekeepers' Liability (1500-1508 Vine Street)	100,000	1,000,000	(per location)
General Liability	100,000	1,000,000	2,000,000
Commercial Property	50,000	250,000,000	-
Umbrella Liability	-	25,000,000	25,000,000
Workers' Compensation	300,000	statutory benefits	

The Authority's accrued claims liability of \$4,907,421 and \$3,978,201 as of March 31, 2021 and 2020, respectively, was established according to a third-party actuarial study.

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

	March 31, 2020	Claims and changes in estimates	Payments of Claims	March 31, 2021
Workers' compensation	\$ 3,670,026	\$ 2,035,718	\$ (1,051,884)	\$ 4,653,860
Automobile liability	142,153	18,751	(53,154)	107,750
General liability	166,022	257,804	(278,015)	145,811
	<u>\$ 3,978,201</u>	<u>\$ 2,312,273</u>	<u>\$ (1,383,053)</u>	<u>\$ 4,907,421</u>

	March 31, 2019	Claims and changes in estimates	Payments of Claims	March 31, 2020
Workers' compensation	\$ 3,515,376	\$ 1,378,854	\$ (1,224,204)	\$ 3,670,026
Automobile liability	251,771	(41,510)	(68,108)	142,153
General liability	149,448	276,129	(259,555)	166,022
	<u>\$ 3,916,595</u>	<u>\$ 1,613,473</u>	<u>\$ (1,551,867)</u>	<u>\$ 3,978,201</u>

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 9. Risk Management (Continued)

The Authority established a self-funded health insurance plan effective April 1, 2015, and entered into an agreement with Independence Blue Cross to administer the majority of the medical and prescription drug claims on behalf of the Authority. A self-funded plan is when an employer assumes the financial risk for providing health care benefits to its employees. The plan provides comprehensive health care benefits through three medical options to its employees, which include an HMO, POS and a PPO plan. The Authority purchased a stop loss policy for specific and aggregate stop loss coverage with a specific deductible of \$250,000 for plan year April 1, 2021 to March 31, 2022, with the current year contract on an incurred 72 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 IBNP valuation received from Aquarius Capital.

	March 31, 2020	Claims and changes in estimates	Payments of Claims	March 31, 2021
Incurred But Not Paid (IBNP) liability	\$ 761,000	\$ 4,783,201	\$ (4,751,201)	\$ 793,000

	March 31, 2019	Claims and changes in estimates	Payments of Claims	March 31, 2020
Incurred But Not Paid (IBNP) liability	\$ 792,000	\$ 4,615,853	\$ (4,646,853)	\$ 761,000

The Authority makes payments to its insurance carrier for amounts needed to pay current year claims. The Authority is also required to maintain both a reserve for catastrophic losses and letters-of-credit issued to the Authority's insurance carrier as collateral for amounts needed to pay prior year claims. The amount of restricted cash held in lieu of a letter-of-credit at March 31, 2021 and 2020, is approximately \$4.9 million and \$5.2 million, respectively. The amount of outstanding letters-of-credit at March 31, 2021 and 2020, is approximately \$-0- and \$75 thousand, respectively. 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.

Recent developments arising from the coronavirus pandemic and efforts to mitigate the disease's domestic and global impacts have impacted the operations and finances of the Authority. Changes in service approach, labor and personnel changes, facility closings, contracted service disruptions, personal protective equipment purchases, and technological equipment acquisitions have affected the Authority. Unstable conditions enhance the Authority's risk factors as they have significant reliance on revenues generated from residents of the City of Philadelphia to fund their operations. These factors impact revenue recognition, cash flows and liquidity, and contingencies. Presently, the ultimate effects of this crisis on financial position, results of operations, and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-employment Benefits (Other than Pensions)

Plan Description

The Authority self-administers its single-employer, other post-employment 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 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 \$1,461 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 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 post-employment 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).

Employees Covered by Benefit Terms

For the actuarial valuation as of April 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	152
Inactive employees entitled to but not yet receiving benefit payments	11
Active employees	825
	<hr/>
	988
	<hr/>

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-employment Benefits (Other than Pensions) (Continued)

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, 2021, the Plan's deposits were \$4,137.

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.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-employment Benefits (Other than Pensions) (Continued)

Investments (Continued)

As of March 31, 2021, the investment assets in the Trust consisted of the following:

Investment Type	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds	\$ 22,430,824	\$ -	\$ -	\$ 22,430,824
U.S. government fixed income				
U.S. Treasury notes	-	4,758,982	-	4,758,982
U.S. government sponsored fixed income				
Mortgage backed securities	-	3,498,583	-	3,498,583
Total	\$ 22,430,824	\$ 8,257,565	\$ -	\$ 30,688,389

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, 2021, the Trust had no investments concentrated in one issuer (other than mutual funds and US government) that exceeded 5.00% of the Trust's investments.

Rate of Return: For the year ended March 31, 2021, the expected annual money-weighted rate of return on Plan investments, net of Plan investment expense, (6.00)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-employment Benefits (Other than Pensions) (Continued)

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

At March 31, 2021, the Authority reported \$45,858,138 for the total OPEB liability and \$15,165,612 for the net OPEB liability after the reduction of the plan's fiduciary net position. The financial information for year ending March 31, 2021, is based upon an actuarial valuation performed as of April 1, 2020, using the participant census as of April 1, 2020. The beginning and end of year measurement dates are March 31, 2020 and March 31, 2021, respectively. The results of the April 1, 2020, 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
Beginning	\$ 43,926,381	\$ 24,579,553	\$ 19,346,828
Changes for the year			
Service cost	1,525,431	-	1,525,431
Interest	2,654,752	-	2,654,752
Changes in assumptions	163,463	-	163,463
Employer contributions	-	2,411,889	(2,411,889)
Net investment income	-	6,112,973	(6,112,973)
Net benefit payments	(2,411,889)	(2,411,889)	-
Net Changes	1,931,757	6,112,973	(4,181,216)
Ending	<u>\$ 45,858,138</u>	<u>\$ 30,692,526</u>	<u>\$ 15,165,612</u>

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-employment Benefits (Other than Pensions) (Continued)

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

For the year ended March 31, 2021, the Authority recognized OPEB expense of \$4,117,508. At March 31, 2021, the Authority reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,892,871	\$ 72,196
Changes in assumptions	11,667,516	921,279
Difference between projected and actual earnings on investments	-	2,368,597
	<u>\$ 13,560,387</u>	<u>\$ 3,362,072</u>

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

Fiscal year ending March 31,	Total
2022	\$ 1,412,098
2023	1,412,100
2024	1,499,363
2025	993,869
2026	1,653,450
Thereafter	3,227,435
	<u>\$ 10,198,315</u>

Actuarial Assumptions

The total OPEB liability in the April 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method - Entry Age Normal - level % of pay.
- Salary Increases - 3.00%.
- Discount Rate - 6.00% which is equal to the expected rate of return on Trust assets.
- Health Care Cost Trend Rate - Medical Pre-Medicare and Rx - 6.50% 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-2020 Full Generational Improvement.
- Disabled Life Mortality - Society of Actuaries Pub-2010 Public retirement Plans Headcount-Weighted Disabled Mortality Tables using Scale MP-2020 Full Generational Improvement.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-employment Benefits (Other than Pensions) (Continued)

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

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB liability	\$ 18,437,368	\$ 15,165,612	\$ 12,234,006

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 Rate	1% Increase
Net OPEB liability	\$ 11,469,469	\$ 15,165,612	\$ 19,409,735

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan

Plan Description

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

Employees covered by the Plan as of July 1, 2019, consisted of the following:

Active plan participants	28,596
Terminated employees entitled to benefits but not yet receiving them	965
Disabled	3,883
Retirees receiving benefits	22,241
Beneficiaries receiving benefits	8,574
Deferred retirement option plan (DROP) participants	<u>2,069</u>
Total Membership	<u><u>66,328</u></u>
Number of participating employers	<u><u>4</u></u>

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

Benefits Provided

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

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

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

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

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

A Pension Adjustment Fund (PAF) is funded with 50% of the excess earnings that are between 1.00% and 6.00% above the actuarial assumed earnings rate. Each year within 60 days of the end of the fiscal year, by majority vote of its members, the Board of Directors of the Fund (the Board) shall consider whether sufficient funds have accumulated in the PAF to support an enhanced benefit distribution (which may include, but is not limited to, a lump sum bonus payment, monthly pension payment increases, ad-hoc cost of living adjustments, continuous cost-of-living adjustments or some other form of increase in benefits as determined by the Board) to retirees, their beneficiaries and their survivors. As of July 1, 2019, the date of the most recent actuarial valuation, there was \$1,225,114 in the PAF and the Board voted to make PAF distributions of \$-0- during the fiscal year ended June 30, 2020.

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.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

Benefits Provided (Continued)

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, 2020, is \$156.0 million.

Funding Policy and Contributions

Per Title 22 of the Philadelphia Code, members contribute to the System at various rates based on bargaining unit, uniform/non-uniform status and entry date into the System. Beginning July 1, 2019, members contributed at one of the following rates:

		Employee Contribution Rates			
		For the Period of July 1, 2019 to June 30, 2020			
		Municipal (1)	Elected (2)	Police	Fire
Plan 67		7.00%	N/A	6.00%	6.00%
Plan 87		3.49%	10.75%	6.84%	6.84%
Plan 87	50% of Aggregate Normal Cost (3)	4.15%	N/A	N/A	N/A
Plan 87	Accelerated Vesting (4)	4.25%	12.78%	N/A	N/A
Plan 87	Prime (5)	4.49%	11.75%	7.84%	7.84%
Plan 10		2.33%	N/A	7.34%	7.34%
Plan 10	Accelerated Vesting	2.75%	N/A	N/A	N/A
Plan 16 (6)		4.04%	N/A	N/A	N/A
Plan 16	Accelerated Vesting (7)	4.53%	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 \$532,080 under Plan 87 Elected, normal cost of \$300,735 under Plan 87 Municipal and current annual payroll of \$3,298,255.

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 vested in 8 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 after 7/1/2017 in Police and Fire Plan 87 Prime pay 8.50%

6 - Beginning January 1, 2019, all Municipal groups (except elected officials) will 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.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. 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 - one year.
- Plan changes mandated by the State - 20 years.

In fiscal year 2020, the City and other employers' contributions of \$768.7 million was less than the actuarially determined employer contribution (ADEC) of \$839.7 million. In the event that the City contributes less than the funding policy, an experience loss will be created which will be amortized in accordance with funding policy over a closed 20 year period.

For the purposes of the MMO under Act 205 reflecting the fresh start amortization schedule, the July 1, 2009, UAL was "fresh started" to be amortized over 30 years ending June 30, 2039. This is a level dollar amortization of the UAL. All future amortization periods will follow the City's Funding Policies as outlined above. In the fiscal year 2020, the City and other employers' contributions of \$768.7 million exceeded the Minimum Municipal Obligation of \$675.8 million.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. 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 the fiscal year 2020, the City and other employers' contributions of \$768.7 million exceeded the contribution under Revenue Recognition Policy of \$704.6 million.

The annual required contribution was determined based on the most recent annual actuarial valuation dated July 1, 2018. 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 (a) a rate of return on the investment of present and future assets of 7.55% per year compounded annually; (b) salary increases based on an age-based salary scale; and (c) 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.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

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

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

The overall investment objectives and goals should be achieved by use of a diversified portfolio, with safety of principal a primary emphasis. The portfolio policy should employ flexibility by prudent diversification into various asset classes based upon the relative expected risk-reward relationship of the asset classes and the expected correlation of their returns. The Fund seeks an annual total rate of return of not less than 7.55% 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 7.55% over a market cycle. There was no change in investment return assumption from the prior fiscal year. The Fund's investment program will pursue its aforesaid total rate of return by a combination of income and appreciation, relying upon neither exclusively in evaluating a prospective investment for the Fund. All investments are made only upon recommendation of the Fund's Investment Committee and approval by a majority of the Pension Board. In order to document and communicate the objectives, restrictions and guidelines for the Fund's investment staff and investments, a continuously updated Investment Policy Statement will be maintained. The Investment Policy Statement will be updated (and re-affirmed) each year at the January Board meeting.

The following was the Board's approved asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target</u>
Broad Fixed Income	10.00%
Global Fixed Income	2.00%
Emerging Market Debt	2.00%
U.S. Large-Cap Core	22.00%
U.S. Mid-Cap Core	3.00%
U.S. Small-Cap Core	5.00%
ACWI ex-U.S.	15.00%
Non-U.S. Small Cap	6.00%
Emerging Markets	4.00%
Public REITs	1.00%
Real Estate Core	11.00%
Real Estate Mezzanine	1.00%
Real Estate Opportunistic	1.00%
Infrastructure	5.00%
Private Equity	10.00%
Private Debt	2.00%
	<u>100.00%</u>

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

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

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, 2020, are summarized in the following table: (see pension plan's investment policy: <http://www.phila.gov/pensions/PDF/ips.pdf>).

<u>Investment</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	
Broad Fixed Income	1.60%
High Yield	5.30%
Global Aggregate	1.10%
Emerging Market Debt	5.20%
Equities	
U.S. Large Cap Core Equity	7.20%
U.S. Mid Cap Core Equity	7.50%
U.S. Small Cap Core Equity	7.90%
Global Low Volatility Equity	6.90%
International Developed Large Cap Equity	7.50%
International Small Cap Equity	7.80%
Emerging Market Equity	8.10%
Hedge Fund	
Hedge Funds	5.70%
Real Estate	
Real Estate - Core	5.60%
Public REITs	5.90%
Opportunistic Real Estate	11.20%
Real Asset	
Global Infrastructure	7.10%
Private Equity	
Private Equity	11.40%

The above table reflects the expected real rate of return for each major asset class. The expected inflation rate is projected at 2.0% for the same period.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

Money-Weighted Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 1.89%. 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, 2020, 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, 2020, were as follows:

Total pension liability	\$ 11,983,391,471
Plan fiduciary net position	<u>5,782,890,966</u>
Plan net pension liability (asset)	<u><u>\$ 6,200,500,505</u></u>
Plan fiduciary net position as a percentage of total pension liability	<u><u>48.26%</u></u>

At June 30, 2020, the Authority reported a liability of \$94,867,659 for its proportionate share of the Plan net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2019, and was rolled forward to June 30, 2020. The July 1, 2019, valuation used the following actuarial assumptions, applied to all periods including the measurement period:

Actuarial Cost Method: Entry Age Normal
Investment Rate of Return: 7.55% compounded annually, net of expenses
Salary Increases: Age based table

- The investment return assumption remained unchanged at 7.55% from the prior year valuation to 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, 127% and 119% for males and females, respectively, of the RP-2014 Healthy Annuitant Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017. For Uniform, 115% of the RP-2014 Blue Collar Healthy Annuitant Table projected from base year of 2006 to 2021, using mortality improvement scale MP-2017.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

Actuarial Assumptions (Continued)

The measurement date for the net pension liability (NPL) is June 30, 2020. Measurements are based on the fair value of assets as of June 30, 2020, and the total pension liability (TPL) as of the valuation date, July 1, 2019, updated to June 30, 2020. 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 \$115 million. The service cost and interest cost increased the collective NPL by the approximately \$1.06 billion while contributions plus investment income offset by administrative expenses decreased the collective NPL by approximately \$957 million.

Additionally, there was an actuarial experience loss during the year of approximately \$9 million primarily due to mortality experience and from participants in transition from active to non-active status.

Discount Rate

The discount rate used to measure the total pension liability for the Plan was 7.55%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Discount Rate Sensitivity

The following is a sensitivity analysis of the Authority's proportionate share of the net pension liability to changes in the discount rate. The table below presents the Authority's proportionate share of the Plan pension liability calculated using the discount rate of 7.55% as well as what the net pension liability would be if it were to be calculated using a discount rate that is one percentage point lower (6.55%) or one percentage point higher (8.55%) than the current rate:

	1% Decrease (6.55%)	Current Discount Rate (7.55%)	1% Increase (8.55%)
Proportionate share of the Plan net pension liability	\$ 113,627,243	\$ 94,867,659	\$ 78,889,636

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 11. Pension Plan (Continued)

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

For the year ended March 31, 2021, the Authority recognized pension expense of \$(2,009,051).

At March 31, 2021, the Authority reported the proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 328,628	\$ -
Changes in assumptions	896,558	-
Difference between projected and actual earnings on investments	4,026,858	-
Changes in proportionate share	-	33,999,228
Difference between projected and actual contributions	11,443,875	-
Contributions made subsequent to measurement date	11,106,075	-
Total	<u>\$ 27,801,994</u>	<u>\$ 33,999,228</u>

The \$11,106,075 of contributions made subsequent to June 30, 2020, measurement date will be recognized in the year ending March 31, 2022. 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>Fiscal Year Ending March 31,</u>	<u>Amount</u>
2022	\$ (8,604,999)
2023	(2,992,773)
2024	(2,789,434)
2025	(2,916,103)
	<u>\$ (17,303,309)</u>

At March 31, 2021, the Authority reported a payable of \$3,578,065 for the outstanding amount of contributions to the pension plan required for the year ended March 31, 2021.

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 visiting the City of Philadelphia Board of Pensions' website.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 12. Collective Bargaining Agreements

There are several collective bargaining agreements in place during the fiscal year ended March 31, 2021, covering Authority employees. Collective bargaining agreement terms and the related union employee participation is as follows:

	Current Contract Term	Number of Participants at March 31, 2021	Number of Participants at March 31, 2020
American Federation of State, County and Municipal Employees ("AFSCME") District Council 33	9/1/2017-8/31/2021	457	461
AFSCME Locals 2186 & 2187, District Council 47	9/1/2017-8/31/2021	154	151
International Union of Painters and Allied Trades District Council 21, Local 252	5/1/2017-4/30/2022	27	28
Teamsters Union Local No 115	6/1/2018-5/31/2022	55	62
Transport Workers Union of America, Local 700	1/15/2018-1/14/2022	39	37

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NOTES TO FINANCIAL STATEMENTS

Note 12. Collective Bargaining Agreements (Continued)

The number of employees covered in collective bargaining agreements represents 71.55% and 69.39% of the Authority's employees as of March 31, 2021 and 2020, 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, 2021.

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 non-governmental employees and whose are held in a trust.

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

Pursuant to a collective bargaining agreement, the Authority contributes to the plan at agreed upon rates based on the weeks participants are employed. Effective June 1, 2019, the Authority contributed \$149.94 per week for participating employees. Effective June 1, 2020, the Authority contributed \$161.04 per week for participating employees. The contribution rates to the Local 115 Plan are subject to review and approval by the Local 115 Plan actuary.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 12. Collective Bargaining Agreements (Continued)

The Authority contributed \$584,943 to the Local 115 Plan for the years ended March 31, 2021. The Authority reported \$-0- payable to the Local 115 Plan as of March 31, 2021.

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

Fiscal Year Ended	Teamsters Local Union No 115 Pension Plan Required Contributions	Authority's Contributions to Teamsters Local Union No 115 Pension Plan
March 31, 2021	\$ 584,943	\$ 584,943
March 31, 2020	572,667	572,667
March 31, 2019	535,159	535,159
March 31, 2018	624,210	624,210
March 31, 2017	506,205	506,205
March 31, 2016	491,212	491,212
March 31, 2015	615,010	615,010
March 31, 2014	483,262	483,262
March 31, 2013	444,958	444,958
March 31, 2012	474,402	474,402

Note 13. Commitments

The Authority leases land for its parking facilities at the Philadelphia International Airport from the City of Philadelphia under long-term land leases, which expire on September 1, 2029. Payment for these land leases is equal to parking revenues after deducting all expenses and debt service requirements as defined by the governing trust indentures. The Authority recognized \$-0- as expense related to their agreement with the Philadelphia Division of Aviation for fiscal year ended 2021.

The Authority, through an Agreement of Cooperation with the City of Philadelphia, conducts On-Street parking operations which involves enforcement of most parking laws and ordinances in the City, as well as most peripheral issues. Payments to the City/School District under terms of this Agreement as amended in 2005 are based upon total revenue received (e.g., from tickets, meters, etc.) less expenses (excluding depreciation) and On-Street capital assets purchased. In connection with this Agreement, \$14.9 million is recognized as expense to the City of Philadelphia General Fund and \$-0- as expense to the School District of Philadelphia for fiscal year ended 2021.

In June 2012, The Authority initiated a 25-year lease for its new headquarters at 701 Market Street. The new facility provides approximately 20,000 additional square feet of space at a lower rent than previously paid. The terms of the agreement provide for lease payments on a graduated scale.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 13. Commitments (Continued)

On April 1, 2007, the Taxi and Limousine Division moved its operating headquarters to 2415 South Swanson-Street in South Philadelphia. The Authority currently has a lease that expires on December 31, 2031, on this property.

Further, the Authority leases two of its parking garages. One is leased from the City of Philadelphia, namely the facilities located on Independence Mall at 5th & Market, and a second from the United States National Park Service (Department of the Interior) located at 2nd & Sansom.

Future minimum annual lease and sublease payments under the Authority's various operating leases at March 31, 2021, are as follows:

Fiscal Year Ending March 31,	Future Minimum Lease Payments	Less Sublease Income	Net Future Minimum Lease Payments
2022	\$ 4,505,230	\$ 165,817	\$ 4,339,413
2023	4,254,904	173,764	4,081,140
2024	4,295,688	175,294	4,120,394
2025	4,336,472	176,887	4,159,585
2026	4,344,256	177,426	4,166,830
2027-2031	17,934,290	731,053	17,203,237
2032-2036	17,539,062	544,208	16,994,854
2037-2041	8,393,777	359,784	8,033,993
2042-2044	-	179,892	(179,892)
Total	<u>\$ 65,603,679</u>	<u>\$ 2,684,125</u>	<u>\$ 62,919,554</u>

Rental expense for the fiscal year ended March 31, 2021, was \$3,365,457.

Note 14. Service Agreements

The Authority's contract with Conduent for the collection of On Street parking revenues ceased on November 15, 2019, as it pertains to the On Street program. The contract with Conduent that pertains to the Red Light Camera Enforcement program, which is the rental and operation of the cameras installed along Route 1, runs through September 2022. In addition, there is a contract in place with Conduent making them responsible for maintaining the Revenue Control Equipment at the Philadelphia International Airport. 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 in the first two years will cost, \$3,528,323 and \$3,572,427, respectively with the total being \$25,643,981. 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, 2021, a total of 138 cameras monitoring 32 intersections have been installed.

THE PHILADELPHIA PARKING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Note 15. 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, 2021. The Authority does not record contingent claims receivable resulting from litigation matters where the Authority is the plaintiff.

Note 16. Subsequent Events

On September 1, 2021, the Authority issued Airport Parking Revenue Refunding Bonds, Series of 2021 with PNC Bank N.A. to refund Airport Parking Revenue Bonds, Series 2009 held by the Bank of New York Mellon Trust Company, N.A. The aggregate principal amount of the new debt issuance is \$33,510,813 with a maximum interest rate of 4.50%.

On September 1, 2021, the Authority refinanced Airport Parking Garage Revenue Bond Anticipation Notes, Series 2015 and 2016 which were held by PNC Bank N.A. via issuance of Airport Fund Garage Subordination Bonds (Bond Anticipation Notes), Series of 2021. The aggregate principal amount of the new debt issuance is \$20,291,555 with a maximum interest rate of 4.50%.

REQUIRED SUPPLEMENTARY INFORMATION

THE PHILADELPHIA PARKING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY AND SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR PENSION PLAN

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, 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%	132,024,781	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 contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2020	\$ 16,553,719	\$ 18,831,170	\$ (2,277,451)	\$ 46,250,585	40.72%
June 30, 2019	19,023,431	22,710,517	(3,687,086)	43,572,630	52.12%
June 30, 2018	19,859,042	23,484,740	(3,625,698)	41,258,874	56.92%
June 30, 2017	22,250,692	24,958,321	(2,707,630)	42,822,441	58.28%
June 30, 2016	25,345,907	28,126,464	(2,780,556)	41,025,610	68.56%
June 30, 2015	18,390,598	19,090,652	(700,054)	37,986,088	50.30%

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

THE PHILADELPHIA PARKING AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY
AND RELATED RATIOS

Year Ended March 31,

	2021	2020	2019
Total OPEB liability			
Service Cost	\$ 1,525,431	\$ 1,196,302	\$ 1,363,719
Interest Cost	2,654,752	1,635,090	1,767,609
Changes in Assumptions	163,463	13,890,864	(35,739)
Differences between Expected and Actual Experience	-	2,475,293	(126,343)
Changes in Benefit Terms	-	-	(2,694,712)
Net Benefit Payments	(2,411,889)	(2,652,726)	(1,978,803)
Net change in total OPEB liability	1,931,757	16,544,823	(1,704,269)
Total OPEB Liability - beginning	43,926,381	27,381,558	29,085,827
Total OPEB Liability - ending (a)	<u>\$ 45,858,138</u>	<u>\$ 43,926,381</u>	<u>\$ 27,381,558</u>
Plan fiduciary net position			
Employer Contributions	\$ 2,411,889	\$ 11,659,159	\$ 17,886,394
Net Investment Income	6,112,973	(1,248,027)	913,556
Net Benefit Payments	(2,411,889)	(2,652,726)	(1,978,803)
Net change in plan fiduciary net position	6,112,973	7,758,406	16,821,147
Plan fiduciary net position - beginning	24,579,553	16,821,147	-
Plan fiduciary net position - ending (b)	<u>\$ 30,692,526</u>	<u>\$ 24,579,553</u>	<u>\$ 16,821,147</u>
Authority's net OPEB liability - ending (a) - (b)	<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	66.93%	55.96%	61.43%
Covered payroll	<u>\$ 45,540,039</u>	<u>\$ 45,047,674</u>	<u>\$ 24,316,907</u>
Net OPEB Liability as a percentage of covered payroll	33.30%	42.95%	43.43%

Notes to Schedule:

Changes in Assumptions: update of mortality improvement scale from MP-2019 to MP-2020 and update trend rates considering April 1, 2021, renewal.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those year for which information is available is shown.

THE PHILADELPHIA PARKING AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR OTHER POST-EMPLOYMENT BENEFITS PLAN
Year Ended March 31,**

	2021	2020	2019
Actuarially determined contributions	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	2,411,889	11,659,159	17,886,394
Contribution excess	\$ 2,411,889	\$ 11,659,159	\$ 17,886,394
Covered payroll	\$ 45,540,039	\$ 45,047,674	\$ 24,316,907
Contributions as a percentage of covered payroll	5.30%	25.88%	73.56%

Notes to Schedule

Valuation date:	April 1, 2020	April 1, 2020	April 1, 2017
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Amortization period	5 years
Asset valuation method	Market Value as of March 31
Inflation	2.50% per year
Healthcare cost trend rates	6.50% initial, decreasing .25% to .50% per year to an ultimate rate of 4.50 %
Salary increases	3.00% per year
Discount Rate	6.00%
Retirement age	Assume rates are based on those used for the City of Philadelphia Municipal Retirement System July 1, 2020, 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-2020 Full Generational Improvement

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those year for which information is available is shown.

SUPPLEMENTARY INFORMATION

THE PHILADELPHIA PARKING AUTHORITY

COMBINING STATEMENTS OF NET POSITION
March 31, 2021 and 2020

	Legislatively Mandated Administrative and Enforcement Programs			
	On-Street	Taxi and Limousine Division	Red Light Camera Enforcement	Speed Camera Enforcement
Assets				
Cash and cash equivalents	\$ 19,296,742	\$ 6,754,008	\$ -	\$ -
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Accounts receivable	45,853,703	363,670	11,948,078	10,443,517
Prepaid expenses	275,210	-	-	-
Prepaid to the City of Philadelphia	1,449,167	-	-	-
Prepaid to School District of Philadelphia	10,858,253	-	-	-
Total current assets	77,733,075	7,117,678	11,948,078	10,443,517
Restricted cash and investments	-	-	169,296	11,972,131
Property and Equipment:				
Land	-	-	-	-
Construction-in-progress	10,878,621	-	-	-
Parking facilities and improvements	3,408,971	1,082,998	-	-
Improvements, equipment and furniture	33,446,676	236,752	647,152	-
Less accumulated depreciation	(26,562,109)	(1,319,750)	(647,152)	-
Total property and equipment	21,172,159	-	-	-
Total assets	98,905,234	7,117,678	12,117,374	22,415,648
Deferred Outflows of Resources				
Deferred amount on refunding	-	-	-	-
Deferred outflows for pension	16,177,980	725,632	38,923	38,923
Deferred outflows for OPEB	10,001,866	612,173	183,013	183,013
Total deferred outflows of resources	26,179,846	1,337,805	221,936	221,936
Total assets and deferred outflows	\$ 125,085,080	\$ 8,455,483	\$ 12,339,310	\$ 22,637,584
Liabilities				
Accounts payable and accrued expenses	\$ 11,721,154	\$ 387,688	\$ 1,017,942	\$ 278,272
Accrued interest payable	-	-	-	-
Due to the City of Philadelphia	-	-	-	-
Due to the School District of Philadelphia	-	-	-	-
Due to the Pennsylvania Department of Transportation	-	-	2,999,938	13,249,399
Current portion of revenue bonds	1,371,429	-	-	-
Due to (from) other funds	7,822,846	1,003,733	(4,316,259)	(3,574,667)
Total current liabilities	20,915,429	1,391,421	(298,379)	9,953,004
Revenue bonds payable	7,542,857	-	-	-
Notes payable	-	-	-	-
Accrued claims payable	-	-	-	-
Net OPEB liability (asset)	24,062,258	1,440,205	390,930	390,930
Net pension liability	55,203,492	2,476,047	132,814	132,814
Total long-term liabilities	86,808,607	3,916,252	523,744	523,744
Total liabilities	107,724,036	5,307,673	225,365	10,476,748
Deferred Inflows of Resources				
Deferred inflows for pension	19,784,152	887,380	47,599	47,599
Deferred inflows for OPEB	2,479,796	151,779	45,375	45,375
Total deferred inflows of resources	22,263,948	1,039,159	92,974	92,974
Total liabilities and deferred inflows	\$ 129,987,984	\$ 6,346,832	\$ 318,339	\$ 10,569,722
Net Position				
Net investment in capital assets	\$ 12,257,873	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	(17,160,777)	2,108,651	12,020,971	12,067,862
Total net position	\$ (4,902,904)	\$ 2,108,651	\$ 12,020,971	\$ 12,067,862

See Notes to Financial Statements.

**Trust Indenture
Activity**

Airport		General Operations		2021	2020
\$	3,950,885	\$	28,414,004	\$ 58,415,639	\$ 78,645,671
	-		15,338,118	15,338,118	15,360,490
	32,150		14,213	46,363	122,884
	-		2,058,601	70,667,569	70,303,709
	-		122,919	398,129	571,823
	-		298,463	1,747,630	-
	-		-	10,858,253	-
	3,983,035		46,246,318	157,471,701	165,004,577
	26,130,891		17,180,232	55,452,550	101,054,000
	-		18,027,762	18,027,762	18,027,762
	-		-	10,878,621	9,841,294
	312,677,148		59,425,198	376,594,315	376,594,315
	4,782,060		14,647,158	53,759,798	45,343,942
	(223,004,659)		(32,478,388)	(284,012,058)	(270,984,102)
	94,454,549		59,621,730	175,248,438	178,823,211
	124,568,475		123,048,280	388,172,689	444,881,788
	2,081,565		-	2,081,565	2,328,879
	1,109,299		9,711,237	27,801,994	31,895,227
	1,932,704		647,618	13,560,387	16,200,922
	5,123,568		10,358,855	43,443,946	50,425,028
\$	129,692,043	\$	133,407,135	\$ 431,616,635	\$ 495,306,816
\$	1,956,099	\$	10,208,458	\$ 25,569,613	\$ 31,678,015
	238,502		36,894	275,396	421,037
	32,845		565,798	598,643	40,968,385
	-		-	-	3,836,702
	-		-	16,249,337	1,133,061
	11,995,000		1,920,515	15,286,944	16,406,688
	8,424,206		(9,359,859)	-	-
	22,646,652		3,371,806	57,979,933	94,443,888
	45,562,848		25,858,291	78,963,996	94,302,024
	18,242,713		-	18,242,713	18,281,793
	-		4,907,421	4,907,421	3,978,201
	2,743,439		(13,862,150)	15,165,612	19,346,828
	3,785,220		33,137,272	94,867,659	121,109,118
	70,334,220		50,040,834	212,147,401	257,017,964
	92,980,872		53,412,640	270,127,334	351,461,852
	1,356,570		11,875,928	33,999,228	29,582,072
	479,182		160,565	3,362,072	115,772
	1,835,752		12,036,493	37,361,300	29,697,844
\$	94,816,624	\$	65,449,133	\$ 307,488,634	\$ 381,159,696
\$	40,722,635	\$	32,315,161	\$ 85,295,669	\$ 95,608,671
	3,907,494		-	3,907,494	3,513,517
	(9,754,710)		35,642,841	34,924,838	15,024,932
\$	34,875,419	\$	67,958,002	\$ 124,128,001	\$ 114,147,120

THE PHILADELPHIA PARKING AUTHORITY

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended March 31, 2021 and 2020

	Legislatively Mandated Administrative and Enforcement Programs			
	On-Street	Taxi and Limousine Division	Red Light Camera Enforcement	Speed Camera Enforcement
Operating Revenues	\$ 92,461,815	\$ 3,749,818	\$ 19,175,003	\$ 28,460,521
Operating Expenses				
Direct operating expenses	62,682,260	3,801,158	6,228,944	2,467,129
Administrative expenses	10,751,343	633,710	746,964	303,982
Expense to the City of Philadelphia	7,772,881	-	-	-
Expense to the School District of Philadelphia	-	-	-	-
Expense to the Pennsylvania Department of Transportation	-	-	11,270,554	13,249,399
Depreciation and amortization expense	761,796	2,558	-	-
Total operating expenses	81,968,280	4,437,426	18,246,462	16,020,510
Operating income (loss)	10,493,535	(687,608)	928,541	12,440,011
Nonoperating Revenues (Expenses)				
Investment income (loss)	33,916	32,565	55	3,506
Interest expense	(295,829)	-	-	-
Medallion Fund Transfers from the Commonwealth	-	2,400	-	-
Divisional transfers	-	-	371,280	(371,280)
Total nonoperating revenues (expenses), net	(261,913)	34,965	371,335	(367,774)
Changes in net position	10,231,622	(652,643)	1,299,876	12,072,237
Net Position - Beginning	(15,134,526)	2,761,294	10,721,095	(4,375)
Net Position - Ending	\$ (4,902,904)	\$ 2,108,651	\$ 12,020,971	\$ 12,067,862

See Notes to Financial Statements.

Trust Indenture Activity		General	2021	2020
Airport	Operations			
\$ 17,349,006	\$ 19,489,530		\$ 180,685,693	\$ 265,121,725
15,772,416	11,833,790		102,785,697	119,589,217
2,412,976	3,495,684		18,344,659	24,776,298
-	348,733		8,121,614	76,758,256
-	-		-	3,505,403
-	-		24,519,953	9,001,675
9,060,918	3,202,684		13,027,956	12,961,377
<u>27,246,310</u>	<u>18,880,891</u>		<u>166,799,879</u>	<u>246,592,226</u>
(9,897,304)	608,639		13,885,814	18,529,499
478,903	323,184		872,129	(3,839,868)
(3,492,001)	(991,632)		(4,779,462)	(5,702,283)
-	-		2,400	-
-	-		-	-
<u>(3,013,098)</u>	<u>(668,448)</u>		<u>(3,904,933)</u>	<u>(9,542,151)</u>
(12,910,402)	(59,809)		9,980,881	8,987,348
47,785,821	68,017,811		114,147,120	105,159,772
<u>\$ 34,875,419</u>	<u>\$ 67,958,002</u>		<u>\$ 124,128,001</u>	<u>\$ 114,147,120</u>

THE PHILADELPHIA PARKING AUTHORITY

**Center City Garage Improvements
Debt Service Coverage Schedule
Tax-Exempt Bond of December 22, 2014, Series A and B
Years Ended March 31, 2021 and 2020**

	2021	2020
Operating Revenues		
Market Street East garage	\$ 1,817,000	\$ 2,857,699
2nd & Samsom garage	1,396,730	2,828,473
Independence Mall garage	1,122,589	2,799,368
Family Court 15th & Arch St garage	603,084	1,195,712
8th & Filbert St garage	2,844,095	3,943,040
10th & Ludlow St garage	1,096,457	1,719,044
Total operating revenues	8,879,955	15,343,336
Operating Expenses		
Direct operating expense	5,321,694	7,410,491
Administrative expenses	1,388,326	1,913,933
Expense to the City of Philadelphia	-	732,604
Total operating expenses	6,710,020	10,057,028
Operating income, net	\$ 2,169,935	\$ 5,286,308
Debt service	\$ 1,631,552	\$ 1,523,784
Debt service coverage ratio	1.33	3.47
Debt service coverage requirement	1.20	1.20
Ratio over (under)	0.13	2.27

THE PHILADELPHIA PARKING AUTHORITY

**Reformatted Statements of Net Position
March 31, 2021 and 2020 (in thousands)**

	2021	2020
Assets		
Cash and cash equivalents	\$ 58,416	\$ 78,646
Investments	15,338	15,360
Accounts receivable	70,668	70,304
Other current assets	444	695
Prepaid to the City of Philadelphia	1,748	-
Prepaid to the School District of Philadelphia	10,858	-
Restricted cash and investments	55,453	101,054
Capital assets, net	175,248	178,823
Total assets	388,173	444,882
Deferred Outflows of Resources		
Deferred amount on refunding	2,082	2,329
Deferred outflows for pension	27,802	31,895
Deferred outflows for OPEB	13,560	16,201
Total deferred outflows of resources	43,444	50,425
Total assets and deferred outflows	\$ 431,617	\$ 495,307
Liabilities		
Accounts payable and accrued expenses	\$ 25,570	\$ 31,678
Accrued interest payable	275	421
Due to the City of Philadelphia	599	40,968
Due to the School District of Philadelphia	-	3,837
Due to the Pennsylvania Department of Transportation	16,249	1,133
Current portion of notes payable	-	-
Current portion of other long-term obligations	15,287	16,407
Non-current portion of notes payable	18,243	18,282
Non-current portion of other long-term obligations	78,964	94,302
Accrued claims payable	4,907	3,978
Payable for post retirement benefits, other than pensions	15,166	19,347
Net pension liability	94,868	121,109
Total liabilities	270,128	351,462
Deferred Inflows of Resources		
Deferred inflows for pension	33,999	29,582
Deferred inflows for OPEB	3,362	116
Total deferred inflows of resources	37,361	29,698
Total liabilities and deferred inflows	\$ 307,489	\$ 381,160
Net Position	\$ 124,128	\$ 114,147

THE PHILADELPHIA PARKING AUTHORITY

Reformatted Statements of Revenues, Expenses and Changes in Net Position Years Ended March 31, 2021 and 2020 (in thousands)

	2021	2020
Expenses		
Operating Expenses	\$ 102,785	\$ 119,590
Expense to the City of Philadelphia	8,122	76,758
Expense to the School District of Philadelphia	-	3,505
Expense to the Pennsylvania Department of Transportation	24,520	9,002
Interest expense	4,779	5,702
Administrative expenses	18,345	24,776
Depreciation and amortization expense	13,028	12,961
Total operating expenses	171,579	252,294
Program Revenues		
Charges for Services	180,687	265,121
Net program revenues	9,108	12,827
General Revenues		
Interest and investment earnings (losses)	873	(3,840)
Changes in net position	9,981	8,987
Net Position, beginning of the year	114,147	105,160
Net Position, end of the year	\$ 124,128	\$ 114,147