

**THE PHILADELPHIA PARKING AUTHORITY**

Financial Statements,  
Required Supplementary Information  
And Other Financial Information  
For the Years Ended  
March 31, 2015 and 2014  
&  
Independent Auditors' Report



Candor. Insight. Results.

# THE PHILADELPHIA PARKING AUTHORITY

---

## TABLE OF CONTENTS

	<u>Page</u>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	i - xi
<b>INDEPENDENT AUDITORS’ REPORT</b>	1- 2
<b>AUDITED FINANCIAL STATEMENTS:</b>	
Statement of Net Position as of March 31, 2015 and 2014	3
Statement of Revenues, Expenses and Changes in Net Position for the Years Ended March 31, 2015 and 2014	4
Statement of Cash Flows for the Years Ended March 31, 2015 and 2014	5
Notes to Financial Statements	6 - 28
<b>REQUIRED SUPPLEMENTARY INFORMATION,</b>	
Schedule of Funding Progress for Postemployment Benefit Plan	29
<b>OTHER FINANCIAL INFORMATION:</b>	
Combining Schedule of Net Position and Combining Schedule of Revenues, Expenses and Changes in Net Position	30 - 31
Combining Schedule of Net Position and Combining Schedule of Revenues, Expenses and Changes in Net Position - Trust Indenture of May 27, 1999	32 - 33
Combining Schedule of Net Position and Combining Schedule of Revenues, Expenses and Changes in Net Position - Trust Indentures of December 10, 2009 and September 5, 2008	34 - 35
Schedule of Direct Operating Expenses - Trust Indentures of December 10, 2009 and September 5, 2008	36
Debt Service Coverage Schedule - Trust Indentures of December 10, 2009 and September 5, 2008	37
Debt Service Coverage Schedule – Tax Exempt Bond of December 22, 2014, Series A & B	38
Reformatted Statements of Net Position as of March 31, 2015 and 2014	39
Reformatted Statements of Revenues, Expenses and Changes in Net Position for the Years Ended March 31, 2015 and 2014	40

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

---

## **INTRODUCTION**

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, 2015 as compared to the year end March 31, 2014. 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 garage was constructed in 1964 at 8<sup>th</sup> & Filbert Streets.

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 thirty 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 18,967 spaces, including 11,011 garage spaces, 839 short term 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).

The Philadelphia International Airport is the gateway and major economic engine for the Philadelphia region. Providing a positive customer experience at that facility is essential in enhancing the region's economic vitality. In late 2004, the Authority assumed direct management of the Airport parking facilities after many years of contracting those responsibilities to private operators. Under the Authority's management, significant improvements have been made to ensure a better customer experience, vastly improved operational efficiency, and increased payments to the City of Philadelphia, Division of Aviation.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

---

During the fiscal year, the Authority began discussions with the DOA and the airlines regarding the necessity to issue new revenue bonds to address structural conditions in the garage and introduce new technology to improve the customer experience and introduce new sources of revenue. Those discussions are ongoing with a goal to offer new bonds in late 2015.

Until the early 1980's, the Authority concentrated exclusively on the construction and management of off-street parking facilities. In addition to the Airport facilities, the Authority owns and/or operates nine facilities in Center City with approximately 5,902 spaces. 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 over 45 neighborhood parking lots under an Agreement with the City of Philadelphia.

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, \$15 million has been drawn on the loan with projects under way at four of the facilities. It is expected that the total renovation of the 8<sup>th</sup> & Filbert Streets garage, including structural, façade, streetscape and retail spaces, will be completed in November 2015.

In 1982, an Act of the General Assembly authorized the City of Philadelphia to assigned 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 six City departments were transferred to the Authority including developing and posting parking regulations; installation, maintenance and collection of parking meters; issuing of residential parking permits; issuing, processing and collecting parking tickets; towing and impounding illegally parked vehicles; and booting 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.

Act 50 of July 14, 2005 ("Act 50") established a mechanism to enhance the Authority's parking ticket collection tools by providing that, under certain conditions, the Authority may request that the Pennsylvania Department of Motor Vehicles suspend the registration of any vehicle registered in Pennsylvania having six (6) or more outstanding and overdue parking violations in Philadelphia. This program has allowed the Authority to collect amounts that would have otherwise remained uncollectible.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

---

The Authority's role in improving traffic safety expanded in fiscal year 2001, when the City 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. In addition, the Authority has responsibility for impounding unsafe trucks operating on the City's highways at the request of City police. 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 2012, the General Assembly authorized the continuation of the pilot program of Red Light Photo Enforcement until June 30, 2017, through Act 84 of 2012. 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 Photo Enforcement Program is another tool for the Authority to address fundamental Life Safety issues in the City. This program saves lives and reduces property damage by assisting in reducing the number of red light related traffic accidents. Through improved traffic safety, it can also be used to make a stronger case for further insurance rate reductions. To date, 121 cameras have been installed monitoring 26 intersections.

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. The transfer of responsibility came after years of complaints of substandard service. The Taxicab and Limousine Division ("TLD") is modeled after the standard administrative agency design. TLD promulgates regulations as a commonwealth agency and is responsible for the registration of companies, vehicles, drivers and dispatchers as well as enforcement of the regulations and collection of fees and fines for violations. Consistent with the Authority's overall mission, the staff has concentrated on improving public service, including frequent and more comprehensive vehicle inspections, driver training, consistent enforcement, better public information, and implementing other policies to provide a positive experience for people using the system. Act 64 of 2013 amended the manner in which the Authority's taxicab and limousine budget is authorized. The budget will now proceed in the manner of most other state agencies and be a part of the commonwealth's overall budget.

Today, the Authority's responsibilities have grown far beyond only providing off-street parking. The Authority's mission is to support the region's economic vitality by providing comprehensive parking management and transportation services through our partnerships with the City of Philadelphia and the Commonwealth of Pennsylvania. As the elements of the mission evolve, the focus continues to be on making Philadelphia a more mobile city, improving the quality of life and supporting economic development.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

---

Ongoing monitoring of parking conditions permits timely adjustment on-street parking regulations to address changing conditions. By working with City Council, meter rates and violation fine adjustments have permitted the Authority to achieve appropriate on-street vacancy rates to achieve desired parking availability. At the end of fiscal year 2013, City Council enacted a parking meter rate adjustment which was implemented in July 2014. This adjustment will result in increased revenue for the City and School District of Philadelphia.

The Authority's current strategic planning process has continued to focus on the use of social media to provide information and respond to issues or concerns raised by the public. Issues raised through those reviews will drive an evaluation of the PPA website and propose enhancements to it and other social media tools.

Authority staff continues to serve on several committees at the City and Commonwealth level to address ongoing parking and transportation issues and are an integral part of the planning and implementation of all aspects of transportation services in the City.

## 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 & maintenance, rent, utilities and uniforms. Other income and expense includes 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 & equipment); liabilities are classified as either current (expected to be paid within one year) or non-current (expected to be paid after March 31, 2015). 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 on the Statement of Net Position.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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 on the Statement of 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 Statement of Net Position as of March 31, 2015 and 2014:

	March 31, 2015	March 31, 2014	Increase (Decrease)	% Increase (Decrease)
	(in thousands)	(in thousands)	(in thousands)	(rounded)
Current Assets	\$ 73,480	\$ 83,090	\$ (9,610)	-12%
Restricted Cash and Investments	113,253	94,468	18,785	20%
Property Plant and Equipment, net	172,191	170,994	1,197	1%
<b>Total Assets</b>	<b>358,924</b>	<b>348,552</b>	<b>10,372</b>	<b>3%</b>
Deferred Outflows	4,807	5,425	(618)	-11%
Current Liabilities	76,496	73,385	3,111	4%
Non-Current Liabilities	168,855	162,632	6,223	4%
<b>Total Liabilities</b>	<b>245,351</b>	<b>236,017</b>	<b>9,334</b>	<b>4%</b>
Deferred Inflows	308	641	(333)	-52%
Net Position:				
Net investment in capital assets	72,228	61,413	10,815	18%
Restricted for capital projects	2,674	2,456	218	9%
Unrestricted	43,170	53,450	(10,280)	-19%
<b>Net Position</b>	<b>\$ 118,072</b>	<b>\$ 117,319</b>	<b>\$ 753</b>	<b>1%</b>

- Current assets decreased approximately \$9.6 million, principally due to the use of Construction Fund money for the 8<sup>th</sup> and Filbert Garage renovations.
- Restricted cash increased approximately \$18.8 million principally due to the unused proceeds of the \$15 million bond issue and \$6 million dollar loan.
- Property and equipment increased a net amount of approximately \$1.2 million. Parking Facilities and Improvements increased \$16,878,000 less depreciation expense of \$15,661,000. Almost all of the increase is related to 8<sup>th</sup> and Filbert Street Garage.
- Deferred outflows decreased approximately \$.6 million due to the amount on refunding of bond in previous years being amortized over the life of the new bonds. This balance is expected to decrease each year as the bonds payable balance decreases.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

- As of March 31, 2015, the amount due to the City of Philadelphia, included in Current Liabilities, is \$41.2 million. The total due to the City includes \$26.1 million that was due to the Philadelphia Division of Aviation for fiscal year 2015, and \$11.1 million which will be remitted to the School District of Philadelphia pursuant to the Act 9 of 2005.

Total remaining amounts due to the City/School District of Philadelphia as of March 31, 2015 and 2014 are as follows:

	<b>March 31, 2015</b> <b>(in thousands)</b>	<b>March 31, 2014</b> <b>(in thousands)</b>
On-Street Operation - City	\$ 3,047	\$ 6,038
On-Street Operation - School District	11,063	9,723
City of Philadelphia, Division of Aviation	26,053	22,449
JFK Garage	294	1,833
Independence Mall	850	923
Disney Quest	(120)	(64)
	<hr/>	<hr/>
Total	<u>\$ 41,187</u>	<u>\$ 40,902</u>

- Non-current liabilities increased approximately \$6.2 million primarily as a result of the issuance of a \$15 million bond and \$6 million dollar loan.
- Deferred inflows decreased \$.3 million due to the deficit of the Taxicab Division operations.
- Net position increased approximately \$.8 million, mostly related to the net position restricted for investment in capital assets. The excess of revenue over expenses generated by the Authority's On-Street, Airport Parking and Red Light Camera program is turned over to the City of Philadelphia, Philadelphia School District, City's Division of Aviation and Pennsylvania Department of Transportation.



MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

The following table compares the amounts of the Statement of Revenues, Expenses, and Change in Net Position for the fiscal years ending March 31, 2015 and 2014:

	March 31, 2015 (in thousands)	March 31, 2014 (in thousands)	Increase (Decrease) (in thousands)	% Increase (Decrease) (rounded)
Operating revenues	\$ 234,462	\$ 233,708	\$ 754	0%
Operating expenses				
Direct operating expenses	106,942	103,116	3,826	4%
Administrative expenses	25,772	22,508	3,264	15%
Expense to the City and School District	75,559	71,272	4,287	6%
Expense to the PA Dept of Transportation	4,315	7,132	(2,817)	-39%
Depreciation and amortization	15,661	15,381	280	2%
Total operating expenses	<u>228,249</u>	<u>219,409</u>	<u>8,840</u>	4%
Operating income	<u>6,213</u>	<u>14,299</u>	<u>(8,086)</u>	-57%
Non-operating revenues (expense)				
Investment income	2,028	1,125	903	80%
Interest expense	(7,821)	(8,366)	545	-7%
Medallion Fund transfers from State	333	-	333	100%
Total non-operating expense	<u>(5,460)</u>	<u>(7,241)</u>	<u>1,236</u>	-17%
Increase in net position	753	7,058	(6,305)	-89%
Net position, beginning of the year	<u>117,319</u>	<u>110,261</u>	<u>7,058</u>	6%
Net position, end of the year	<u>\$ 118,072</u>	<u>\$ 117,319</u>	<u>\$ 753</u>	1%

- Operating revenues increased approximately \$.8 million from the prior fiscal year due to the following factors:
  - City of Philadelphia sold the J.F.K. Garage during the fiscal year and the revenue from operations stopped when the Garage was sold in June 2014.
  - Ticketing Revenue increased \$1.7 million due to having more days of enforcement in fiscal year 2015. The PPA had approximately 21 snow days in 2014 and compared to 8 snow days in 2015.
  - Meter Revenue increased \$3.0 million due to having more days of enforcement where the City was not shut down due to snow emergencies. Also, in July 2014, meter rates were increased in the Core Area (which consists of 4<sup>th</sup> street to 20<sup>th</sup> Race to Lombard Streets) from \$2.50 per hour to \$3.00 per hour. The Center City/University City Area, which consists of Delaware Avenue to 40<sup>th</sup> Spring Garden to Bainbridge (minus the Core Area) increased from \$2.00 an hour to \$2.50. In the outlying area, meaning anywhere above 40<sup>th</sup> Street, north of Spring Garden and south of Bainbridge, the single space meter rate increased from \$.50 an hour to \$1.00.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

---

- Red Light Camera ticketing revenue decreased approximately \$2.2 million due to the bringing in of a new vendor in February 2014. The old vendor needed to remove all installed equipment while the new vendor, Xerox, installed theirs. Due to permitting issues, power outages and construction at some locations, Xerox could not complete their installations, resulting in many down hours for the Red Light Camera System. In addition, milling was performed on the Boulevard by a contractor hired by the State. Once a road is milled, the stop bars need to be repainted in order to issue a red light violation. There were many hours of downtime due to rain delays, which caused the stop bars to not be consistently painted when scheduled.
- There was an increase in Airport Transient revenue of approximately \$.6 million, which offset some of these decreases, due to improvements in the long term parking facilities and services.
- Direct operating expenses increased approximately \$3.8 million from the prior year based primarily on the following factors:
  - Salary expense increased from the previous year by approximately \$.4 million due to cost of living expenses.
  - Other post employment benefits (OPEB) expense increased by approximately \$1.4 million from the previous year because a union was added that placed more workers under the OPEB liability and Medicare Part B benefits were added.
  - The Authority is required to report its liability for post employment retirement benefits. Per an actuarial study, the liability at March 31, 2015 was estimated at \$10.9 million.
  - Pension contribution rates increased from 176.387% and 7.497% in 2014 for plan J and Y, respectively, to 218.999% and 8.496%, which resulted in an increase in direct operating pension expense of approximately \$3.2 million
- Administrative Expenses increased by approximately \$3.3 million primarily due to increases in pension expense.
- Expense to the City and School District increased by approximately \$4.3 million from the prior fiscal year primarily due to the increase in Ticket and Meter Revenue.
- Expense to the Pennsylvania Department of Transportation decreased approximately \$2.8 million due to decreased Red Light Camera ticket revenues in 2015.
- Depreciation & amortization expenses remained relatively stagnant in 2015 from the previous year, increasing by approximately \$0.3 million.
- Interest income increased \$.9 million due to a lack of realized losses in sales and an increase in principal invested.
- Interest expense decreased approximately \$0.5 million from the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

---

Total expense to City and School District of Philadelphia and to the Pennsylvania Department of Transportation for the year ended March 31, 2015 and 2014 are as follows:

	<b>FY 2015</b> <b>(in thousands)</b>	<b>FY 2014</b> <b>(in thousands)</b>
On-Street (including both City & School District of Philadelphia)	\$ 47,473	\$ 46,433
City of Philadelphia, Division of Aviation	27,389	23,688
Pennsylvania Department of Transportation	4,315	7,132
Off-Street	697	1,151
Totals	<u>\$ 79,874</u>	<u>\$ 78,404</u>

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 9) 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 \$17.0 million for fiscal year 2015 and \$16.5 million for fiscal year 2014 in Parking Privilege Tax.

The Authority also paid to the National Park Service (Department of the Interior) \$756,217 for fiscal year 2015 and \$839,239 million for fiscal year 2014 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 deducting cash spent on capital asset purchases, the payment to the City, including the School District, from the On-Street Programs was \$47.5 million in fiscal year 2015 and \$46.4 million in fiscal year 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

---

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 payment to the DOA made on June 30, 2015 was \$27.4 million, an increase of almost \$3.7 million from the prior year.

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 2015, the 1999A indenture (i.e., the parking lot at 8th & Chestnut Streets) did operate at a deficit. The City provided almost \$.4 million to cover debt service payments during fiscal year 2015. As of March 31, 2015, the City of Philadelphia has provided slightly over \$12.1 million in funds in its role as guarantor of these bonds. The 1999A Indenture provides for the Authority to repay the City for any funds paid by the City as a result of its guarantee. The Authority would repay these funds if the facility becomes profitable.

### **ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The following factors were taken into consideration in preparing the Authority’s budget for the fiscal year ending March 31, 2016:

- During fiscal year 2014, a long planned renovation of the parking garage at 8th & Filbert Streets began. When completed, the facility will have new facades, completely renovated retail spaces as well as streetscape improvements. Most importantly, structural issues will be addressed and concrete restoration completed to insure the integrity of the structure. This project will continue into 2016.
- Capital projects for the 2016 fiscal year total just under \$49.7 million. Major capital funding for garage repairs are as follows: 10th & Ludlow Garage \$1.0 million, Market Street East garage \$2.6 million, Independence Mall garage \$5.3 million, 8th & Filbert garage \$4.0 million, 2nd & Sansom garage \$8.4 million and the Airport, \$26.0 million. Additional capital outlays are budgeted for vehicles and communication equipment totaling \$2.4 million dollars.
- The Authority assumed self management of the 8th & Filbert Streets garage in February 2010, after many years during which the facility was leased to a private operator. The facility was in need of significant repair and upgrade. The Engineering and Design department completed a comprehensive review of the facility and embarked on a public process for façade improvements and major system upgrades. The first phase included partial renovation to accommodate the Authority’s vehicles in the garage and situating the Authority’s customer service center in one of the retail locations on 8th Street.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

---

- The Authority Board approved awarding a contract for a Mobile Parking Payment System for payment of meter fees as well as fees for certain parking lots. The technology permits payments via a cell phone and allows patrons to add time under certain conditions. Related to this proposal, City Council approved an escalating meter fee schedule for those situations where adding time is permitted to encourage parking turnover.
  
- Airport revenue is expected to remain the same based upon current economic factors.

**SUBSEQUENT EVENTS**

Taxicab & Limousine Division: After significant resistant from certain parts of the industry, the Authority awarded medallion sales based on sealed bids for fifty (50) wheelchair accessible vehicle medallions, totaling \$4,610,101. Closing on these sales will be over the next several months. Ten additional medallions are scheduled for sale during FY 2016.

Red Light Division: City Council has approved three additional Red Light intersections at 26<sup>th</sup> & Penrose Ave, Belmont and Parkside and 2<sup>nd</sup> & Erie.

Administration: At its May meeting, the Authority Board approved amending the lease for the Authority's headquarters to add 8,721 square feet of space. The addition of this space will permit direct access from the headquarters to the Authority's 8<sup>th</sup> & Filbert Streets garage improving operating efficiency.

Off-Street Operations: In cooperation with the City of Philadelphia, the Pennsylvania Real Estate Investment Trust (PREIT) has embarked on a complete renovation of the Gallery shopping mall. Two garages owned by the Authority, 8<sup>th</sup> & Filbert Streets and 9<sup>th</sup> & Filbert Streets, have connecting bridges between the garage and the Gallery mall. At the request of the City and PREIT, the Board approved the transfer of the bridges to PREIT to be included in its renovation package.

**REQUESTS FOR INFORMATION**

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

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
The Philadelphia Parking Authority:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Philadelphia Parking Authority (the "Authority"), which comprise the statement of net position as of March 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### **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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from 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 that 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 Authority as of March 31, 2015 and 2014, and the changes in its financial position and its cash flows 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 i through xi and the Schedule of Funding Progress for Postemployment Benefit Plan on page 29 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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. The schedules at pages 30-40 are presented for purposes of additional analysis and are not a required part of the financial statements. The other 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*  
Philadelphia, Pennsylvania  
August 26, 2015

**THE PHILADELPHIA PARKING AUTHORITY**  
**Statement of Net Position**  
**March 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 49,563,413	\$ 66,418,252
Investments	22,842,266	15,639,299
Accrued interest receivable	202,265	207,020
Accounts receivable	728,325	712,027
Prepaid expenses	143,884	113,508
Total current assets	73,480,153	83,090,106
Restricted cash and investments	113,253,420	94,468,198
Property and equipment:		
Parking facilities	294,965,990	294,186,368
Land	15,254,524	15,254,524
Improvements, equipment and furniture	75,300,520	59,222,910
Lease acquisition costs	589,837	589,837
Less: accumulated depreciation	(213,920,191)	(198,259,385)
Total property and equipment	172,190,680	170,994,254
Total assets	358,924,253	348,552,558
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred amount on refunding	4,806,965	5,424,953
Total assets and deferred outflows	\$ 363,731,218	\$ 353,977,511
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 19,199,841	\$ 17,035,405
Accrued interest payable	635,775	680,754
Due to the City/ School District of Philadelphia	41,186,804	40,901,941
Due to the Pennsylvania Department of Transportation	2,303,833	2,857,096
Current portion of revenue bonds	12,570,000	11,425,000
Current portion of notes payable	600,000	484,569
Total current liabilities	76,496,253	73,384,765
Revenue bonds payable	146,955,000	144,675,000
Notes payable	5,400,000	1,537,345
Accrued claims payable	5,584,581	6,874,925
Payable for post retirement benefits, other than pensions	10,915,620	9,545,148
Total liabilities	245,351,454	236,017,183
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred revenue	308,040	641,320
Total liabilities and deferred inflows	245,659,494	236,658,503
<b>NET POSITION:</b>		
Net investment in capital assets	72,228,323	61,412,846
Restricted	2,673,402	2,456,257
Unrestricted	43,169,999	53,449,905
Net position	\$ 118,071,724	\$ 117,319,008

The accompanying notes are an integral part of these financial statements.



**THE PHILADELPHIA PARKING AUTHORITY**  
**Statement of Revenues and Expenses and Changes in Net Position**  
**For the Years Ended March 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
Operating revenues	\$ 234,461,546	\$ 233,708,372
Operating expenses:		
Direct operating expenses	106,941,874	103,116,234
Administrative expenses	25,772,094	22,508,368
Expense to the City/School District of Philadelphia	75,559,524	71,271,775
Expense to the Pennsylvania Department of Transportation	4,314,765	7,132,151
Depreciation and amortization expense	15,660,806	15,381,188
Total operating expenses	228,249,063	219,409,716
Operating income	6,212,483	14,298,656
Nonoperating revenues (expenses):		
Investment income	2,028,058	1,126,151
Interest expense	(7,821,105)	(8,366,368)
Medallion Fund Transfers from the State	333,280	-
Total nonoperating revenues (expenses), net	(5,459,767)	(7,240,217)
Change in net position	752,716	7,058,439
Net position, beginning of year	117,319,008	110,260,569
Net position, end of the year	\$ 118,071,724	\$ 117,319,008

The accompanying notes are an integral part of these financial statements.

**THE PHILADELPHIA PARKING AUTHORITY**  
**Statement of Cash Flows**  
**For the Years Ended March 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and others	\$ 234,461,546	\$ 233,805,919
Salaries and administrative costs paid to employees	(91,687,649)	(85,434,817)
Payments to suppliers for services	(38,186,861)	(41,166,839)
Payments to the City/ School District of Philadelphia	(75,671,748)	(73,637,885)
Payments to the Pennsylvania Department of Transportation	(4,868,029)	(5,836,806)
Net cash provided by operating activities	24,047,259	27,729,572
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of property and equipment, net	(16,857,232)	(6,376,050)
Proceeds from the issuance of bonds and notes payable	21,000,000	-
Principal paid on revenue bonds and notes payable	(13,596,914)	(14,874,645)
Interest paid on revenue bonds and notes payable	(7,821,105)	(8,366,368)
Net cash used in financing activities	(17,275,251)	(29,617,063)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments, net	(14,879,793)	(1,673,482)
Investment income	2,028,058	1,126,153
Net cash used in investing activities	(12,851,735)	(547,329)
Net increase (decrease) in cash and cash equivalents	(6,079,727)	(2,434,820)
Cash and cash equivalents, beginning of the year (including restricted cash of \$43,644,169)	110,062,421	112,497,241
Cash and cash equivalents, end of the year (including restricted cash of \$54,419,281)	\$ 103,982,694	\$ 110,062,421
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 6,212,483	\$ 14,298,656
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	15,660,806	15,381,188
Change in assets and liabilities:		
Accounts receivable	(16,299)	258,011
Prepaid expenses	(25,621)	(72,407)
Accounts payable and other accrued expenses	2,119,456	1,069,814
Deferred Revenue	(333,280)	(707,000)
Other liabilities	698,116	(1,325,717)
Due to the City/School District of Philadelphia	284,862	(2,468,318)
Due to the Pennsylvania Department of Transportation	(553,264)	1,295,345
Net cash provided by operating activities	\$ 24,047,259	\$ 27,729,572

The accompanying notes are an integral part of these financial statements.

# THE PHILADELPHIA PARKING AUTHORITY

## *Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

---

### **1. ORGANIZATION AND HISTORY**

#### General

The Philadelphia Parking Authority (the “Authority”) was created on January 11, 1950 by an ordinance of the Council of the City of Philadelphia (the “City”) 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, 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.

### **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.

#### 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* *March 31, 2015 and March 31, 2014*

---

### 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, in general, are carried at fair value. Money market investments, consisting of short-term, highly-liquid debt instruments, including U.S. Treasury and agency obligations, are recorded at cost if the remaining maturity at time of purchase of the investment is three months or more. Unrealized gains and losses, if any, are included in investment (loss) income as non-operating revenues or expenses.

### Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources have a positive effect on net position, similar to assets, however the actual outflow of resources (net decrease in assets or net increase in liabilities) was incurred in a 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 now 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.

### 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 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 now 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 balance of this deferred revenue was \$308,040 and \$641,320 as of March 31, 2015 and 2014, respectively.

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

---

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, 2015 and 2014 the Authority had no capitalized interest expense.

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements  
March 31, 2015 and March 31, 2014*

Property and 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. Property and equipment consists of the following:

	<b>Balance at</b>			<b>Balance at</b>
	<b>March 31, 2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>March 31, 2015</b>
Land	\$ 15,254,524	\$ -	\$ -	\$ 15,254,524
Lease acquisition costs	589,837	-	-	589,837
Total property and equipment not being depreciated	15,844,361	-	-	15,844,361
Parking facilities	294,186,368	779,622		294,965,990
Improvements, equipment and furniture	59,222,910	16,077,610		75,300,520
Total property and equipment being depreciated	353,409,278	16,857,232	-	370,266,510
Total	369,253,639	16,857,232	-	386,110,871
<u>Less Accumulated Depreciation:</u>				
Parking facilities	150,110,351	7,874,757	-	157,985,108
Improvements, equipment and furniture	48,149,034	7,786,049	-	55,935,083
Total Accumulated Depreciation	198,259,385	15,660,806	-	213,920,191
Total property and equipment being depreciated, net	155,149,893	1,196,426	-	156,346,319
Property and equipment, net	\$ 170,994,254	\$ 1,196,426	\$ -	\$ 172,190,680

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements  
March 31, 2015 and March 31, 2014*

	<b>Balance at</b>			<b>Balance at</b>
	<b>March 31, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>March 31, 2014</b>
Land	\$ 15,254,524	\$ -	\$ -	\$ 15,254,524
Lease acquisition costs	589,837	-	-	589,837
Total property and equipment not being depreciated	15,844,361	-	-	15,844,361
Parking facilities	293,773,698	490,095	(77,425)	294,186,368
Improvements, equipment and furniture	53,259,530	6,561,290	(597,910)	59,222,910
Total property and equipment being depreciated	347,033,228	7,051,385	(675,335)	353,409,278
<b>Total</b>	<b>362,877,589</b>	<b>7,051,385</b>	<b>(675,335)</b>	<b>369,253,639</b>
<u>Less Accumulated Depreciation:</u>				
Parking facilities	142,018,556	8,091,795	-	150,110,351
Improvements, equipment and furniture	40,859,641	7,289,393	-	48,149,034
<b>Total Accumulated Depreciation</b>	<b>182,878,197</b>	<b>15,381,188</b>	<b>-</b>	<b>198,259,385</b>
Total property and equipment being depreciated, net	164,155,031	(8,329,803)	(675,335)	155,149,893
<b>Property and equipment, net</b>	<b>\$ 179,999,392</b>	<b>\$ (8,329,803)</b>	<b>\$ (675,335)</b>	<b>\$ 170,994,254</b>

Operating Revenues and Non-Operating Revenues

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

Administrative Expenses

Pursuant to an agreement with the City of Philadelphia, 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* *March 31, 2015 and March 31, 2014*

---

### Subsequent Events

Subsequent events were evaluated through August 26, 2015, the date the financial statements were available to be issued.

### Recent Accounting Pronouncements Not Yet Effective

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* ("GASB 68"). The objective of this Statement is to improve financial reporting by state and local governmental pension plans. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The Authority's management is in the process of evaluating, but has not yet determined how the adoption of GASB 68 will impact the Authority's financial statements. The Authority is required to adopt the provisions of GASB 68 for its March 2016 financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB 70"). The objective of this Statement is to require a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The Authority's management is in the process of evaluating, but has not yet determined how the adoption of GASB 70 will impact the Authority's financial statements. The Authority is required to adopt the provisions of GASB 70 for its March 2016 financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* ("GASB 71"). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. GASB 71 is to be applied simultaneously with GASB 68, which the Authority's management is in the process of evaluating, but has not yet determined how the adoption will impact the Authority's financial statements. The Authority is required to adopt the provisions of GASB 71 for its March 2016 financial statements.



# THE PHILADELPHIA PARKING AUTHORITY

## *Notes to Financial Statements* *March 31, 2015 and March 31, 2014*

---

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* (“GASB 72”). The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. The definition of 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. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. Additionally, this Statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Authority’s management is in the process of evaluating, but has not yet determined how the adoption of GASB 72 will impact the Authority’s financial statements. The Authority is required to adopt the provisions of GASB 72 for its March 2017 financial statements.

### **3. CASH, CASH EQUIVALENTS, & INVESTMENTS**

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

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*  
*March 31, 2015 and March 31, 2014*

---

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 PPA locations, deposits with financial institutions, and cash equivalents invested with investment firms in liquid investments, such as money market funds. The cash and cash equivalent balances as of the March 31 comprised of the following:

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 90,941	\$ 98,232
Demand deposits	91,048,022	90,275,915
Cash equivalents	12,843,731	19,688,274
Total cash and cash equivalents	<u>\$ 103,982,694</u>	<u>\$ 110,062,421</u>

At March 31, 2015 and 2014, the carrying amount of the Authority's demand deposits with financial institutions was \$91,048,022 and \$90,275,915, respectively, compared to bank balances of \$91,768,612 and \$88,879,216, respectively. The differences are primarily caused by items 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, 2015 and 2014, \$1,500,000 and \$1,750,000 of the Authority's bank balance was insured by the FDIC. The remaining balance of \$90,268,612 and \$87,129,216 at March 31, 2015 and 2014, respectively, is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above.

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.

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

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.

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.

The carrying value (fair value) of the Authority's investments at March 31, 2015 is presented below:

	<b>Ratings</b>	<b>Average Duration</b>	<b>Fair Value</b>
Cash and cash equivalents	N/A	N/A	\$ 103,892,244
U.S. government treasury	Aaa	1.38	18,315,652
U.S. government fixed income	Aaa	6.88	30,363,626
Corporate fixed income	Aaa	1.88	5,539,230
Certificates of deposit	N/A	2.44	8,371,734
Guaranteed investments contract	N/A	10.58	19,176,613
Total			<u>\$ 185,659,099</u>

The carrying value (fair value) of the Authority's investments at March 31, 2014 is presented below:

	<b>Ratings</b>	<b>Average Duration</b>	<b>Fair Value</b>
Cash and cash equivalents	N/A	N/A	\$ 110,062,421
U.S. government treasury	Aaa	2.29	15,154,951
U.S. government fixed income	Aaa	9.20	25,114,022
Corporate fixed income	Aaa	3.78	7,017,741
Guaranteed investments contract	N/A	11.58	19,176,614
Total			<u>\$ 176,525,749</u>

(1) N/A - Not applicable

The Authority has no exposure to foreign currency risk.

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

---

**4. 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:

<b>Trust Indenture</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
May 27, 1999	\$ 3,220,181	\$ 3,220,181
September 5, 2008	5,262,201	5,262,201
December 10, 2009	10,694,231	10,694,231

If there is a deficiency in the funds within the 1999 Trust Indenture, the City is required to pay such deficiency. The deficiency due from the City is \$504,193 and \$1,155,609 as of March 31, 2015 and 2014, 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**  
**March 31, 2015 and March 31, 2014**

**5. Revenue Bonds**

A summary of revenue bonds outstanding is as follows:

<b>Bond Issue</b>	<b>Issuance Date</b>	<b>Amount Issued</b>	<b>Maturity Date</b>	<b>Principal Outstanding March 31, 2015</b>	<b>Principal Outstanding March 31, 2014</b>	<b>Interest Rate</b>	<b>Sinking Fund Requirements</b>	<b>Purpose of Bond Issue</b>
Parking System Revenue Bonds, Series 1999A	May 27, 1999	\$ 47,390,000	February 15, 2029	\$ 13,020,000	\$ 13,650,000	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 2008	September 5, 2008	49,560,000	September 1, 2018	19,625,000	23,980,000	4.125% - 5.00%	Mandatory, beginning September 1, 2009 through 2018	Current refunding of February 6, 1997 bonds outstanding. To finance certain capital improvements to the Airport parking facilities.
Airport Parking Revenue Bonds, Series 2009	December 10, 2009	131,050,000	September 1, 2029	112,030,000	118,470,000	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	14,850,000	-	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
Total revenue bonds outstanding				159,525,000	156,100,000			
Deferred amount on refunding				(4,806,965)	(5,424,953)			
Total revenue bonds outstanding net of deferred amount				\$ 154,718,035	\$ 150,675,047			

## THE PHILADELPHIA PARKING AUTHORITY

### *Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

---

#### 5. REVENUE BONDS & NOTES PAYABLE

##### 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 8<sup>th</sup> & Chestnut Streets (the “Chestnut Street Parcel”). In fiscal year 2002, the governing body of the Authority resolved to comply with all of the prerequisites to partially defease the 1999A Parking System Revenue Bonds. Construction costs, interest expense and income on the Bonds associated with the acquisition of the Garage were written off in the Statement of Revenues, Expenses and Changes in Net Position in 2002. These costs were previously capitalized as construction-in-progress on the statement of net position. 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 2014, the 1999A indenture (i.e., the parking lot at 8<sup>th</sup> & Chestnut Streets) did operate at a deficit. The City provided almost \$.4 million to cover debt service payments during fiscal year 2015. As of March 31, 2015, the City of Philadelphia has provided slightly over \$12.1 million in funds in its role as guarantor of these bonds. The 1999A Indenture provides for the Authority to repay the City for any funds paid by the City as a result of its guarantee. 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 \$665,000 as of March 31, 2015.

On September 5, 2008, the Authority issued \$49,560,000 Series of 2008 Airport Parking Revenue Bonds with interest rates ranging from 4.125% to 5.00% for the purpose of refunding \$50,280,000 of outstanding Series of 1997 Airport Revenue Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,466,031. This difference is being charged to operations through 2019. The Authority completed the refunding to reduce its total debt service payments over the next 10 years by \$2,164,422 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,090,437. The current portion is \$4,570,000 as of March 31, 2015.

On December 10, 2009, the Authority issued \$131,050,000 Series of 2009 Airport Parking Revenue Bonds with interest rates ranging from 3% to 5.250% 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

## THE PHILADELPHIA PARKING AUTHORITY

### *Notes to Financial Statements March 31, 2015 and March 31, 2014*

---

values of the old and new debt service payments) of \$5,128,997. The current portion is \$6,735,000 as of March 31, 2015.

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 fifteen years and an amortization of twenty-five years, having a maturity date of December 22, 2029. The A series is for \$15 million and the B series totals \$10 million. The Authority has eighteen months from the initial date of the bond issue to draw on the Series B bonds. The Authority has only drawn from the Series A as of March 31, 2015. The purpose of this bond issue was for the renovations of multiple parking garages located in the City of Philadelphia at the following locations: 2<sup>nd</sup> & Sansom, 8<sup>th</sup> & Filbert, 15<sup>th</sup> & Arch and Market Street East. The current portion is \$600,000 as of March 31, 2015.

#### 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 1.017%. The balance of the note payable at March 31, 2015 is \$6,000,000.

During fiscal year 2010, the Authority borrowed \$11,000,000 for the installation and cost of the Multi-space parking meters that are being placed in the Center City and University City Districts of the City of Philadelphia. The structure of the loan is a capital lease that is to be paid over a five year period at a fixed rate of interest of 4.377%. The loan was fully repaid during 2014 and there is no balance outstanding as of March 31, 2014 and 2015.

On December 18, 2008 the Authority borrowed \$10,000,000 for concrete restoration at the Airport Garages. The \$10,000,000 was taken out in two five year term loans. The first was a bank qualified loan of \$8,845,275 with a floating interest rate not to go below 4.25%, based on a floating prime rate and in addition the Authority pays 70% of the prime rate which means a current rate of 2.975%. Both of these loans were fully repaid during 2014 and there is no balance outstanding as of March 31, 2014 and 2015.

On July 29, 2003, the Authority borrowed \$6,000,000 from a bank at a fixed rate of interest of 4.06%. The loan is due to mature on April 1, 2019. The Authority has used the proceeds for capital projects and acquisition of capital assets. The balance of the note payable at March 31, 2014 was \$2,021,914. The loan was fully paid during 2015 and there is no balance outstanding as of March 31, 2015.

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

The aggregate annual principal and sinking fund payments of debt at March 31, 2015 are as follows:

<b>Year Ending March 31,</b>	<b>Revenue Bonds</b>		<b>Notes Payable</b>	
	<b>Principal Amount</b>	<b>Interest Amount</b>	<b>Principal Amount</b>	<b>Interest Amount</b>
2016	\$ 12,570,000	\$ 7,407,670	\$ 600,000	\$ 61,190
2017	13,170,000	6,796,764	5,400,000	57,459
2018	13,800,000	6,136,315		
2019	14,095,000	5,481,707		
2020	14,605,000	4,808,343		
2021-2025	66,280,000	13,478,913		
2026-2030	21,555,000	3,037,492		
2031	3,450,000	145,794		
	<u>\$ 159,525,000</u>	<u>\$ 47,292,998</u>	<u>\$ 6,000,000</u>	<u>\$ 118,649</u>

The following tables provide a summary of changes in revenue bonds outstanding and notes payable for the years ended March 31, 2015 and 2014:

	<b>Balance at March 31, 2014</b>	<b>Proceeds</b>	<b>Bonds Refunded</b>	<b>Principal Repayments</b>	<b>Balance at March 31, 2015</b>
Revenue Bonds					
Outstanding	\$ 156,100,000	\$ 15,000,000	\$ -	\$ (11,575,000)	\$ 159,525,000
Notes Payable	\$ 2,021,914	\$ 6,000,000	\$ -	\$ (2,021,914)	\$ 6,000,000

	<b>Balance at March 31, 2013</b>	<b>Proceeds</b>	<b>Bonds Refunded</b>	<b>Principal Repayments</b>	<b>Balance at March 31, 2014</b>
Revenue Bonds					
Outstanding	\$ 167,070,000	\$ -	\$ -	\$ (10,970,000)	\$ 156,100,000
Notes Payable	\$ 5,926,559	\$ -	\$ -	\$ (3,904,645)	\$ 2,021,914



**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

**6. RESTRICTED NET ASSETS, CASH AND INVESTMENTS**

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

Restricted Investments:	<b>2015</b>	<b>2014</b>
<u>Series of 1999A:</u>		
Bond reserve fund	\$ 3,220,181	\$ 3,220,181
Revenue fund	78,481	204,318
Construction fund	102,150	102,150
Bond redemption fund	28,188	28,180
Subtotal	3,429,000	3,554,829
<u>Series of 2008:</u>		
Debt service fund	2,547,283	2,875,076
Bond reserve fund	5,262,201	5,262,201
Maintenance fund	2,979,433	2,956,257
Bond redemption fund	3,016,298	3,169,392
Subtotal	13,805,215	14,262,926
<u>Series of 2009:</u>		
Debt service reserve fund	2,386,230	4,508,396
Bond reserve fund	10,694,231	10,694,231
Subtotal	13,080,461	15,202,627
Total restricted investments	30,314,676	33,020,383
Less revenue bonds payable attributable to above funds	(27,835,244)	(30,564,126)
Restricted Airport Indenture investments	2,479,432	2,456,257
Restricted Airport Indenture investments	2,479,432	2,456,257
Restricted for Airport Construction	6,000,000	-
Restricted for Center City Garage Construction	15,043,970	-
Net of related Airport and Garage Construction debt	(20,850,000)	-
Restricted net position	2,673,402	2,456,257
Restricted indenture and construction investments	51,358,646	33,020,383
Restricted Taxicab and Limousine Division cash	308,040	641,320
Restricted for the City of Philadelphia	53,450,773	52,121,293
Restricted for Pennsylvania Department of Transportation	2,303,833	2,857,096
Investments pledged	5,832,128	5,828,106
Total restricted cash and investments	\$ 113,253,420	\$ 94,468,198

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

---

**7. DESIGNATION OF UNRESTRICTED NET POSITION**

	<u>2015</u>	<u>2014</u>
Designated for OPEB obligation	\$ 10,915,620	\$ 9,545,148
Designated for insurance	5,584,581	6,874,925
Designated for future capital projects	19,731,440	20,981,203
Designated for paid time off	6,938,358	7,369,312
Undesignated	<u>-</u>	<u>8,679,317</u>
 Total undesignated net position	 <u>\$ 43,169,999</u>	 <u>\$ 53,449,905</u>

**8. PENSION PLAN**

The Authority contributes to the City of Philadelphia Public Employees Retirement System (the “Plan”). The City is required by the Philadelphia Home Rule Charter to maintain an actuarially sound Public Employee Retirement System (“PERS”) as a cost-sharing multiple employer plan, covering all officers and employees of the City, and the officers and employees of certain other governmental and quasi-governmental organizations, which includes the Authority.

The PERS issues a publicly available annual financial report, including financial statements, which may be obtained by writing to Board of Pensions and Retirement, Two Penn Center Plaza, 16<sup>th</sup> Floor, Philadelphia, Pennsylvania, 19102.

The contribution requirements of both the Authority and its employee plan members are established and amended by the PERS. Employees are required to contribute a percentage of their gross compensation, which is determined by hire date. The required employee percentages ranged from 2% to 6% for 2014. The Authority’s required contribution to the Plan is actuarially determined based on the benefits to which employees are entitled. The Authority contributed \$20,417,922, \$17,081,504, and \$14,726,856 to the Plan during 2015, 2014 and 2013, respectively.

The Plan’s funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase over time so that sufficient assets will be available to pay benefits when due. For the years ended March 31, 2015, 2014 and 2013, the contribution rates for the Authority’s qualified employee groups are 270.647%, 218.999%, and 176.387% of salaries for employees hired prior to March 21, 1996 (the “J” plan) and 8.496%, 7.497%, and 7.816% for employees hired on or after March 21, 1996 (the “Y” plan). Full-time employees commence participation on their date of employment; temporary employees commence participation after the completion of six months of employment.

# THE PHILADELPHIA PARKING AUTHORITY

## *Notes to Financial Statements* *March 31, 2015 and March 31, 2014*

---

Employees covered by certain collective bargaining agreements do not participate in the PERS plan but instead participate in the plan provided by their union. For fiscal years ended March 31, 2015, 2014 and 2013, payments for these pension benefits totaled \$761,441, \$516,268, and \$528,524, respectively.

### 9. 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. These payments are remitted to the Philadelphia Division of Aviation on or about June 30<sup>th</sup> following the close of each fiscal year, and totaled just over \$27.4 million for fiscal year ended 2015.

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, \$36.4 million is recognized as expense to the City of Philadelphia General Fund and \$11.1 million as expense to the School District of Philadelphia for fiscal year ended 2015.

During fiscal 1998, the Authority entered into a fifteen-year non-cancelable agreement to lease administrative office space and other facilities at 3101 Market Street. The terms of the agreement provide for lease payments on a graduated scale. In conjunction with this agreement, the Authority has subleased a portion of the office space to the City of Philadelphia and the related receivable amount is reflected as a reduction of the liability to City/School District Payments. Due to the City of Philadelphia's distressed financial outlook for the immediate future, the receivable of \$4.5 million is being considered as doubtful to its collectability and the balance has been reserved as of March 31, 2015 and 2014. The Authority vacated these facilities in the beginning of fiscal year 2014 and relocated to a new facility.

In June of 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. Renovation of the space was completed and the operation was moved in late April 2013.

On April 1, 2007, the Taxi & 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, 2021 on this property.

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

---

Further, the Authority leases three of its parking garages. Two are leased from the City of Philadelphia, namely the facilities located on JFK Blvd. at 15<sup>th</sup> Street and Independence Mall at 5<sup>th</sup> & Market, and a third from the United States National Park Service (Department of the Interior) located at 2<sup>nd</sup> & Sansom.

Future minimum annual lease and sublease payments under the Authority's various operating leases at March 31, 2015 are as follows:

<b>Year Ended March 31,</b>	<b>Future Minimum Lease Payments</b>	<b>Less: Sublease Income</b>	<b>Net Future Minimum Lease Payments</b>
2016	\$ 4,558,410	\$ 665,001	\$ 3,893,409
2017	4,639,511	668,210	3,971,301
2018	4,674,931	662,847	4,012,084
2019	47,554,327	677,270	46,877,057
2020	4,792,199	613,886	4,178,313
2021-2025	15,021,628	1,796,626	13,225,002
2026-2030	9,556,827		9,556,827
2031-2035	10,476,137		10,476,137
2036-2040	11,358,675		11,358,675
Total	<u>\$ 112,632,645</u>	<u>\$ 5,083,840</u>	<u>\$ 107,548,805</u>

Rental expense for the fiscal years ended March 31, 2015 and 2014 was \$2,505,327 and \$2,543,286, respectively.

**10. SERVICE AGREEMENTS**

The Authority has a contract with Xerox for the collection of On-Street parking violation citations and the collection of fines and other costs imposed in connection with such violations. According to the terms of the agreement, Xerox is reimbursed based upon both the number of tickets processed and a percentage of the revenue collected from overdue parking tickets. In addition, as a result of a contract recently entered into with Xerox, they began taking over the rental and servicing of the Red Light Cameras utilized by The Authority as well as the collection activity related to that program. The Authority has another agreement with Xerox to maintain Revenue Control Equipment at the Airport. Total expense to Xerox for the fiscal years ended March 31, 2015 and 2014 were \$14,300,423 and \$10,753,469, respectively.

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

**11. 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:

<b>RISK MANAGEMENT ANALYSIS</b>			
<b>Coverage</b>	<b>Deductible</b>	<b>Limit per Occurrence</b>	<b>Overall Aggregate Coverage Limit</b>
Auto Liability	\$ 100,000	\$ 1,000,000	\$ 2,000,000
Employment Practices	150,000	10,000,000	10,000,000
General Liability	100,000	1,000,000	2,000,000
Workers' Compensation	300,000	statutory benefits	
Garage Liability	100,000	1,000,000	2,000,000
Garagekeepers' Liability (comprehensive and collision)	100,000	1,000,000	(per location)
Garagekeepers' Liability (1500-1508 Vine Street)	500 -10,000	1,000,000	(per location)
Garage Liability (1500-1508 Vine St.)	-	100,000	2,000,000
Crime	25,000	250,000	-
Commerical Property (Blanket)	-	150,000,000	-
Umbrella Liability	-	10,000,000	10,000,000
Excess Umbrella Liability		15,000,000	15,000,000

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 outstanding letters of credit at March 31, 2015 and 2014 is approximately \$11,592,618 and \$11,592,618, 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.

The Authority's accrued claims liability of \$5,584,581 and \$6,874,925 as of March 31, 2015 and 2014, respectively, was established according to a third-party actuarial study. In fiscal year 2014, the Authority changed the method of evaluating the insurance reserve from using the highest range on the actuarial model to the lowest range, resulting in a decrease in the accrued claims liability.

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

Balances in the Authority's accrued claims liability account were:				
	<b>Balance March 31, 2014</b>	<b>Current Year claims and changes in estimates</b>	<b>Claims Payments</b>	<b>Balance March 31, 2015</b>
Workers Compensation	\$ 5,384,000	\$ 488,663	\$ 2,042,173	\$ 3,830,490
General Liability	1,490,925	707,120	443,954	1,754,091
	<b>\$ 6,874,925</b>	<b>\$ 1,195,783</b>	<b>\$ 2,486,127</b>	<b>\$ 5,584,581</b>
	<b>Balance March 31, 2013</b>	<b>Current Year claims and changes in estimates</b>	<b>Claims Payments</b>	<b>Balance March 31, 2014</b>
Workers Compensation	\$ 7,376,054	\$ (299,598)	\$ 1,692,456	\$ 5,384,000
General Liability	1,807,105	65,214	381,394	1,490,925
	<b>\$ 9,183,159</b>	<b>\$ (234,384)</b>	<b>\$ 2,073,850</b>	<b>\$ 6,874,925</b>

**12. OTHER POST-EMPLOYMENT BENEFITS (OTHER THAN PENSION)**

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

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

*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 fund these obligations in the amount of the liability that it recognizes for the year, which in turn is computed according to the 30-year method. There are no required contributions on the part of the program participants (i.e., retirees).

**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*

*March 31, 2015 and March 31, 2014*

*Annual OPEB Cost & Net OPEB Obligation.* The Authority's annual OPEB cost (expense) is calculated based on the annual required contribution (“ARC”) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed during the year, and changes to the Authority's net OPEB obligation.

Annual Required Contribution	\$ 2,506,171
Interest on Net OPEB Obligation	429,532
Adjustment to Annual Required Contribution	<u>(328,480)</u>
Annual OPEB Cost (Expense)	2,607,223
Contributions Made	<u>(1,236,751)</u>
Increase in Net OPEB Obligation	1,370,472
Net OPEB Obligation - March 31, 2014	<u>9,545,148</u>
Net OPEB Obligation - March 31, 2015	<u><u>\$ 10,915,620</u></u>

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for March 31, 2015 and the five preceding years was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
March 31, 2015	\$ 2,607,223	23.9%	\$ 10,915,620
March 31, 2014	1,129,908	11.8%	9,545,148
March 31, 2013	1,037,005	11.3%	9,180,619
March 31, 2012	2,602,515	17.8%	8,818,505
March 31, 2011	2,304,872	15.8%	6,680,301
March 31, 2010	2,032,985	24.6%	4,738,949





**THE PHILADELPHIA PARKING AUTHORITY**

*Notes to Financial Statements*  
*March 31, 2015 and March 31, 2014*

---

**13. SUBSEQUENT EVENTS**

Taxicab & Limousine Division: After significant resistant from certain parts of the industry, the Authority awarded medallion sales based on sealed bids for fifty (50) wheelchair accessible vehicle medallions, totaling \$4,610,101. Closing on these sales will be over the next several months. Ten additional medallions are scheduled for sale during FY 2016.

Red Light Division: City Council has approved three additional Red Light intersections at 26<sup>th</sup> & Penrose Ave, Belmont and Parkside and 2<sup>nd</sup> & Erie.

Administration: At its May meeting, the Authority Board approved amending the lease for the Authority's headquarters to add 8,721 square feet of space. The addition of this space will permit direct access from the headquarters to the Authority's 8<sup>th</sup> & Filbert Streets garage improving operating efficiency.

Off-Street Operations: In cooperation with the City of Philadelphia, the Pennsylvania Real Estate Investment Trust (PREIT) has embarked on a complete renovation of the Gallery shopping mall. Two garages owned by the Authority, 8<sup>th</sup> & Filbert Streets and 9<sup>th</sup> & Filbert Streets, have connecting bridges between the garage and the Gallery mall. At the request of the City and PREIT, the Board approved the transfer of the bridges to PREIT to be included in its renovation package.

On-Street Parking: The Authority Board approved awarding a contract for a Mobile Parking Payment System for payment of meter fees as well as fees for certain parking lots. The technology permits payments via a cell phone and allows patrons to add time under certain conditions. Related to this proposal, City Council approved an escalating meter fee schedule for those situations where adding time is permitted to encourage parking turnover.

**THE PHILADELPHIA PARKING AUTHORITY**  
*Required Supplementary Information*  
**Schedule of Funding Progress for Postemployment Benefit Plan**  
*(Unaudited)*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a percentage of Covered Payroll ([b-a]/c)
March 31, 2015	-	\$ 23,402,938	\$ 23,402,938	0.00%	\$ 22,592,817	103.6%
March 31, 2014	-	12,945,891	12,945,891	0.00%	21,673,454	59.7%
March 31, 2013	-	12,322,124	12,322,124	0.00%	21,114,297	58.4%
March 31, 2012	-	20,166,849	20,166,849	0.00%	21,010,937	96.0%
March 31, 2011	-	17,141,100	17,141,100	0.00%	21,103,394	81.2%
March 31, 2010	-	15,462,191	15,462,191	0.00%	21,095,725	73.3%

Notes: The number of active participants in 2015 increased from the prior years as a result of changes to eligibility that resulted in 87 union personnel adopting the Authority plan as of March 31, 2015

The actuarial methods and assumptions used were updated for the 2013 valuation resulting in a decrease of the actuarial accrued liability as of March 31, 2013.

**THE PHILADELPHIA PARKING AUTHORITY**  
**Combining Schedule of Net Position**  
**March 31, 2015 and 2014**

Schedule 1  
Page 1 of 2

	Funds Under Trust Indenture				Funds Not Under Trust Indenture	Red Light Camera Enforcement	On-Street Parking	Combined Totals 2015	Combined Totals 2014
	May 27, 1999		September 5, 2008 and December 10, 2009						
	Restricted	Unrestricted	Restricted	Unrestricted					
<b>Assets:</b>									
Cash and cash equivalents	\$ -	\$ 355,270	\$ -	\$ 388,989	\$ 39,281,268	\$ (275,399)	\$ 9,813,285	\$ 49,563,413	\$ 66,418,252
Investments	-	-	-	-	19,733,434	-	3,108,832	22,842,266	15,639,299
Accrued interest receivable	14,202	-	28,337	111,493	48,233	-	-	202,265	207,020
Accounts receivable	-	-	-	-	311,191	-	417,134	728,325	712,027
Prepaid expenses	-	-	-	-	51,876	-	92,008	143,884	113,508
Total current assets	<u>14,202</u>	<u>355,270</u>	<u>28,337</u>	<u>500,482</u>	<u>59,426,002</u>	<u>(275,399)</u>	<u>13,431,259</u>	<u>73,480,153</u>	<u>83,090,106</u>
Restricted cash and investments	3,370,655	-	32,872,021	38,268,213	22,328,831	2,303,834	14,109,866	113,253,420	94,468,198
Property and equipment:									
Parking facilities	-	-	253,011,157	-	41,954,833	-	-	294,965,990	294,186,368
Land	10,300,000	-	-	-	4,954,524	-	-	15,254,524	15,254,524
Improvements, equipment, and furniture	-	469,890	-	14,506,197	34,259,171	647,152	25,418,110	75,300,520	59,222,910
Lease acquisition costs	-	-	-	-	589,837	-	-	589,837	589,837
Total property and equipment	<u>10,300,000</u>	<u>469,890</u>	<u>253,011,157</u>	<u>14,506,197</u>	<u>81,758,365</u>	<u>647,152</u>	<u>25,418,110</u>	<u>386,110,871</u>	<u>369,253,639</u>
Total assets	<u>13,684,857</u>	<u>825,160</u>	<u>285,911,515</u>	<u>53,274,892</u>	<u>163,513,198</u>	<u>2,675,587</u>	<u>52,959,235</u>	<u>572,844,444</u>	<u>546,811,943</u>
<b>Deferred Outflows of Resources:</b>									
Deferred amount on refunding	-	-	4,806,965	-	-	-	-	4,806,965	5,424,953
Total assets and deferred outflows	<u>\$ 13,684,857</u>	<u>\$ 825,160</u>	<u>\$ 290,718,480</u>	<u>\$ 53,274,892</u>	<u>\$ 163,513,198</u>	<u>\$ 2,675,587</u>	<u>\$ 52,959,235</u>	<u>\$ 577,651,409</u>	<u>\$ 552,236,896</u>
<b>Liabilities:</b>									
Accounts payable and accrued expenses	\$ -	\$ 85,455	\$ -	\$ 2,289,574	\$ 8,192,703	\$ 1,082,690	\$ 7,549,419	\$ 19,199,841	\$ 17,035,405
Accrued interest payable	92,022	-	543,753	-	-	-	-	635,775	680,754
Due to (from) City/School District of Philadelphia	-	(120,417)	-	26,052,660	1,144,695	-	14,109,866	41,186,804	40,901,941
Due to the Pennsylvania Department of Transportation	-	-	-	-	-	2,303,833	-	2,303,833	2,857,096
Current portion of revenue bond	665,000	-	11,305,000	-	600,000	-	-	12,570,000	11,425,000
Current portion of notes payable	-	-	600,000	-	-	-	-	600,000	484,569
Due to (from) other funds	-	(7,516)	-	3,215,854	(3,598,029)	(818,799)	1,208,490	-	-
Total current liabilities	<u>757,022</u>	<u>(42,478)</u>	<u>12,448,753</u>	<u>31,558,088</u>	<u>6,339,369</u>	<u>2,567,724</u>	<u>22,867,775</u>	<u>76,496,253</u>	<u>73,384,765</u>
Revenue bonds payable	12,355,000	-	120,350,000	-	14,250,000	-	-	146,955,000	144,675,000
Notes payable	-	-	5,400,000	-	-	-	-	5,400,000	1,537,345
Accrued claims payable	-	-	-	-	5,584,581	-	-	5,584,581	6,874,925
Payable for post employment benefits, other than pensions	-	-	-	-	10,915,620	-	-	10,915,620	9,545,148
Total liabilities	<u>13,112,022</u>	<u>(42,478)</u>	<u>138,198,753</u>	<u>31,558,088</u>	<u>37,089,570</u>	<u>2,567,724</u>	<u>22,867,775</u>	<u>245,351,454</u>	<u>236,017,183</u>
<b>Deferred Inflows of Resources:</b>									
Deferred revenue	-	-	-	-	308,040	-	-	308,040	641,320
Total liabilities and deferred inflows	<u>13,112,022</u>	<u>(42,478)</u>	<u>138,198,753</u>	<u>31,558,088</u>	<u>37,397,610</u>	<u>2,567,724</u>	<u>22,867,775</u>	<u>245,659,494</u>	<u>236,658,503</u>
<b>Net Position:</b>									
Net investment in capital assets	572,835	469,890	126,163,122	14,506,197	81,908,364	647,152	25,418,110	249,685,670	61,412,846
Restricted	-	-	2,479,432	-	193,970	-	-	2,673,402	2,456,257
Unrestricted	-	397,748	23,877,173	7,210,607	44,013,254	(539,289)	4,673,350	79,632,843	251,709,290
Net position	<u>572,835</u>	<u>867,638</u>	<u>152,519,727</u>	<u>21,716,804</u>	<u>126,115,588</u>	<u>107,863</u>	<u>30,091,460</u>	<u>331,991,915</u>	<u>315,578,393</u>
Total liabilities, deferred inflows, and net position	<u>\$ 13,684,857</u>	<u>\$ 825,160</u>	<u>\$ 290,718,480</u>	<u>\$ 53,274,892</u>	<u>\$ 163,513,198</u>	<u>\$ 2,675,587</u>	<u>\$ 52,959,235</u>	<u>\$ 577,651,409</u>	<u>\$ 552,236,896</u>

These supplementary schedules do not include depreciation and reflect rounding.

**THE PHILADELPHIA PARKING AUTHORITY**  
**Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Years Ended March 31, 2015 and 2014**

Schedule 1

Page 2 of 2

	Funds Under Trust Indenture		Funds Not Under Trust Indenture	Red Light Camera Enforcement	On-Street Parking	Combined Totals 2015	Combined Totals 2014
	May 27, 1999	December 10, 2009*					
Operating revenues	\$ 871,513	\$ 64,950,665	\$ 28,460,619	\$ 12,925,385	\$ 127,253,364	\$ 234,461,546	\$ 233,708,372
Operating expenses:							
Direct operating expenses	127,213	18,454,979	17,135,076	7,080,892	64,143,714	106,941,874	103,116,234
Administrative expenses	61,430	4,175,010	6,035,753	1,420,314	14,079,587	25,772,094	22,508,368
Expense to the City/School District of Philadelphia	(506,154)	27,388,724	1,204,120	-	47,472,834	75,559,524	71,271,775
Expense to the Pennsylvania Department of Transportation	-	-	-	4,314,765	-	4,314,765	7,132,151
Total operating expenses	<u>(317,511)</u>	<u>50,018,713</u>	<u>24,374,949</u>	<u>12,815,971</u>	<u>125,696,135</u>	<u>212,588,257</u>	<u>204,028,528</u>
Operating income	1,189,024	14,931,952	4,085,670	109,414	1,557,229	21,873,289	29,679,844
Nonoperating revenues (expenses):							
Investment income	170,456	1,546,656	310,344	-	602	2,028,058	1,126,151
Interest expense	(705,875)	(6,960,579)	(162,726)	(1,551)	9,626	(7,821,105)	(8,366,368)
Medallion Fund Transfers from the State	-	-	333,280	-	-	333,280	-
Total nonoperating revenues (expenses)	<u>(535,419)</u>	<u>(5,413,923)</u>	<u>480,898</u>	<u>(1,551)</u>	<u>10,228</u>	<u>(5,459,767)</u>	<u>(7,240,217)</u>
Changes in net position before transfers	653,605	9,518,029	4,566,568	107,863	1,567,457	16,413,522	22,439,627
Operating transfers							
Interfund transfers in (out)	26,331	(26,331)	(435,204)	-	435,204	-	-
Total operating transfers in (out)	<u>26,331</u>	<u>(26,331)</u>	<u>(435,204)</u>	<u>-</u>	<u>435,204</u>	<u>-</u>	<u>-</u>
Changes in net position after transfers	679,936	9,491,698	4,131,364	107,863	2,002,661	16,413,522	22,439,627
Net position, beginning of year	<u>760,537</u>	<u>164,744,833</u>	<u>121,984,224</u>	<u>-</u>	<u>28,088,799</u>	<u>315,578,393</u>	<u>293,138,766</u>
Net position, end of the year	<u>\$ 1,440,473</u>	<u>\$ 174,236,531</u>	<u>\$ 126,115,588</u>	<u>\$ 107,863</u>	<u>\$ 30,091,460</u>	<u>\$ 331,991,915</u>	<u>\$ 315,578,393</u>

\* Bonds relating to the December 10, 2009 and September 5, 2008 Trust Indenture are combined for presentation purposes under the December 10, 2009 Trust Indenture.

These supplementary schedules do not include depreciation and reflect rounding.

**THE PHILADELPHIA PARKING AUTHORITY**  
*Trust Indenture of May 27, 1999*  
**Combining Schedule of Net Position**  
*March 31, 2015 and 2014*

	Construction Fund	Revenue Fund	Bond Fund		Bond Reserve Fund	Rebate Fund	Combined Totals 2015	Combined Totals 2014
			Interest	Principal				
<b>Assets:</b>								
Cash and cash equivalents	\$ -	\$ 355,270	\$ -	\$ -	\$ -	\$ -	\$ 355,270	\$ 160,738
Accrued interest receivable	3	2	-	-	14,196	1	14,202	14,212
Total current assets	<u>3</u>	<u>355,272</u>	<u>-</u>	<u>-</u>	<u>14,196</u>	<u>1</u>	<u>369,472</u>	<u>174,950</u>
Restricted cash and investments	102,150	(41,936)	62,072	-	3,220,181	28,188	3,370,655	3,552,491
Property and equipment:								
Land	10,300,000	-	-	-	-	-	10,300,000	10,300,000
Improvements, Equipment & Furniture	-	469,890	-	-	-	-	469,890	443,562
Total property and equipment	<u>10,300,000</u>	<u>469,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,769,890</u>	<u>10,743,562</u>
Total assets	<u>\$ 10,402,153</u>	<u>\$ 783,226</u>	<u>\$ 62,072</u>	<u>\$ -</u>	<u>\$ 3,234,377</u>	<u>\$ 28,189</u>	<u>\$ 14,510,017</u>	<u>\$ 14,471,003</u>
<b>Liabilities:</b>								
Accounts payable and accrued expenses	\$ -	\$ 85,455	\$ -	\$ -	\$ -	\$ -	\$ 85,455	\$ 34,812
Accrued interest payable	-	-	92,022	-	-	-	92,022	92,022
Due to (from) City/School Dist of Philadelphia	-	(120,417)	-	-	-	-	(120,417)	(64,412)
Current portion of revenue bond	665,000	-	-	-	-	-	665,000	630,000
Due to (from) Other Funds	-	(7,516)	-	-	-	-	(7,516)	(1,958)
Total current liabilities	<u>665,000</u>	<u>(42,478)</u>	<u>92,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>714,544</u>	<u>690,464</u>
Revenue bond payable	12,355,000	-	-	-	-	-	12,355,000	13,020,000
Total liabilities	<u>13,020,000</u>	<u>(42,478)</u>	<u>92,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,069,544</u>	<u>13,710,464</u>
<b>Net Position:</b>								
Net investment in capital assets	(3,897,805)	825,704	(29,950)	-	3,234,377	28,189	160,515	342,230
Unrestricted	1,279,958	-	-	-	-	-	1,279,958	418,309
Net position	<u>(2,617,847)</u>	<u>825,704</u>	<u>(29,950)</u>	<u>-</u>	<u>3,234,377</u>	<u>28,189</u>	<u>1,440,473</u>	<u>760,539</u>
Total liabilities and net position	<u>\$ 10,402,153</u>	<u>\$ 783,226</u>	<u>\$ 62,072</u>	<u>\$ -</u>	<u>\$ 3,234,377</u>	<u>\$ 28,189</u>	<u>\$ 14,510,017</u>	<u>\$ 14,471,003</u>

These supplementary schedules do not include depreciation and reflect rounding.

**THE PHILADELPHIA PARKING AUTHORITY**  
*Trust Indenture of May 27, 1999*  
**Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Years Ended March 31, 2015 and 2014**

Schedule 2

Page 2 of 2

	Construction Fund	Revenue Fund	Bond Fund		Bond Reserve Fund	Rebate Fund	Combined Totals 2015	Combined Totals 2014
			Interest	Principal				
Operating revenues	\$ -	\$ 871,513	\$ -	\$ -	\$ -	\$ -	\$ 871,513	\$ 467,814
Operating expenses:								
Direct operating expenses	-	127,213	-	-	-	-	127,213	309,824
Administrative and other expenses	-	61,430	-	-	-	-	61,430	101,578
Expense to the City of Philadelphia	-	-	(506,154)	-	-	-	(506,154)	(1,155,609)
Total operating expenses	-	188,643	(506,154)	-	-	-	(317,511)	(744,207)
Operating income	-	682,870	506,154	-	-	-	1,189,024	1,212,021
Nonoperating revenue (expense):								
Investment income	25	170,408	15	-	-	8	170,456	184,703
Interest expense	-	(705,875)	-	-	-	-	(705,875)	(732,543)
Total nonoperating revenues (expenses)	25	(535,467)	15	-	-	8	(535,419)	(547,840)
Changes in net position before transfers	25	147,403	506,169	-	-	8	653,605	664,181
Operating transfers in (out)								
Interfund transfers in (out)	629,973	(97,472)	(506,170)	-	-	-	26,331	(26,331)
Total operating transfers in (out)	629,973	(97,472)	(506,170)	-	-	-	26,331	(26,331)
Changes in net position after transfers	629,998	49,931	(1)	-	-	8	679,936	637,850
Net position, beginning of year	(3,247,845)	775,773	(29,949)	-	3,234,377	28,181	760,537	122,689
Net position, end of the year	\$ (2,617,847)	\$ 825,704	\$ (29,950)	\$ -	\$ 3,234,377	\$ 28,189	\$ 1,440,473	\$ 760,539

These supplementary schedules do not include depreciation and reflect rounding.

**THE PHILADELPHIA PARKING AUTHORITY**  
**Trust Indentures of December 10, 2009 and September 5, 2008**  
**Philadelphia International Airport Facility**  
**Combining Schedule of Net Position**  
**March 31, 2015 and 2014**

Schedule 3

Page 1 of 2

	Construction Fund	Revenue Fund	Debt Service Fund		Bond Reserve Fund	Maintenance Fund	Bond Redemption & Improvement Fund	Combined Totals 2015	Combined Totals 2014
			Principal	Interest					
<b>Assets:</b>									
Cash and cash equivalents	\$ -	\$ 408,357	\$ (11,041)	\$ -	\$ -	\$ 1,528	\$ (9,855)	\$ 388,989	\$ 1,248,184
Accrued interest receivable	1	111,493	12,830	-	-	7,365	8,141	139,830	144,575
Total current assets	1	519,850	1,789	-	-	8,893	(1,714)	528,819	1,392,759
Restricted cash and investments	-	44,254,557	4,933,513	-	16,155,530	2,979,432	2,817,202	71,140,234	63,071,836
Property and equipment									
Parking Facilities	230,084,048	-	-	22,927,109	-	-	-	253,011,157	252,231,534
Improvements, Equip., & Furniture	-	14,506,197	-	-	-	-	-	14,506,197	12,640,744
Total property and equipment	230,084,048	14,506,197	-	22,927,109	-	-	-	267,517,354	264,872,278
<b>Deferred Outflows of Resources:</b>									
Deferred amount on refunding	4,806,965	-	-	-	-	-	-	4,806,965	5,424,953
Total assets and deferred outflows	<u>\$ 234,891,014</u>	<u>\$ 59,280,604</u>	<u>\$ 4,935,302</u>	<u>\$ 22,927,109</u>	<u>\$ 16,155,530</u>	<u>\$ 2,988,325</u>	<u>\$ 2,815,488</u>	<u>\$ 343,993,372</u>	<u>\$ 334,761,826</u>
<b>Liabilities:</b>									
Accounts payable and accrued expenses	\$ -	\$ 2,289,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,289,574	\$ 2,618,664
Accrued interest payable	-	-	465,807	77,946	-	-	-	543,753	588,732
Due to (from) City of Philadelphia	-	26,052,660	-	-	-	-	-	26,052,660	22,449,005
Current portion of revenue bond	11,305,000	-	-	-	-	-	-	11,305,000	10,795,000
Current portion of notes payable	-	600,000	-	-	-	-	-	600,000	-
Due to (from) Other Funds	-	3,215,854	-	-	-	-	-	3,215,854	1,936,922
Total current liabilities	11,305,000	32,158,088	465,807	77,946	-	-	-	44,006,841	38,388,323
Revenue bond payable	120,350,000	-	-	-	-	-	-	120,350,000	131,655,000
Notes payable	-	5,400,000	-	-	-	-	-	5,400,000	-
Total liabilities	131,655,000	37,558,088	465,807	77,946	-	-	-	169,756,841	170,043,323
<b>Net Position:</b>									
Net investment in capital assets	-	(7,445,512)	4,469,495	22,849,163	16,155,530	508,893	2,777,771	39,315,340	49,804,919
Restricted	-	-	-	-	-	2,479,432	-	2,479,432	2,456,257
Unrestricted	103,236,014	29,168,028	-	-	-	-	37,717	132,441,759	112,483,659
Net position	103,236,014	21,722,516	4,469,495	22,849,163	16,155,530	2,988,325	2,815,488	174,236,531	164,744,835
Total liabilities and net position	<u>\$ 234,891,014</u>	<u>\$ 59,280,604</u>	<u>\$ 4,935,302</u>	<u>\$ 22,927,109</u>	<u>\$ 16,155,530</u>	<u>\$ 2,988,325</u>	<u>\$ 2,815,488</u>	<u>\$ 343,993,372</u>	<u>\$ 334,788,158</u>

These supplementary schedules do not include depreciation and reflect rounding.

**THE PHILADELPHIA PARKING AUTHORITY**  
**Trust Indentures of December 10, 2009 and September 5, 2008**  
**Philadelphia International Airport Facility**  
**Combining Schedule of Revenue, Expense, and Changes in Net Position**  
**For the Years Ended March 31, 2015 and 2014**

Schedule 3  
Page 2 of 2

	Construction Fund	Revenue Fund	Debt Service Fund		Bond Reserve Fund	Maintenance Fund	Bond Redemption & Improvement Fund	Combined Totals 2015	Combined Totals 2014
			Principal	Interest					
Operating revenues	\$ -	\$ 64,950,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,950,665	\$ 63,459,566
Operating expenses:									
Direct operating expenses	-	18,454,979	-	-	-	-	-	18,454,979	17,610,783
Administrative and other expenses	-	4,175,010	-	-	-	-	-	4,175,010	3,503,933
Expense to the City of Philadelphia	-	27,388,724	-	-	-	-	-	27,388,724	23,687,972
Total operating expenses	-	50,018,713	-	-	-	-	-	50,018,713	44,802,688
Operating income	-	14,931,952	-	-	-	-	-	14,931,952	18,656,878
Nonoperating revenue (expense)									
Investment income	-	1,486,705	27,894	-	7	24,861	7,189	1,546,656	884,032
Interest expense	(210,649)	(6,749,930)	-	-	-	-	-	(6,960,579)	(7,510,659)
Total nonoperating revenues (expenses)	(210,649)	(5,263,225)	27,894	-	7	24,861	7,189	(5,413,923)	(6,626,627)
Changes in net position before transfers	(210,649)	9,668,727	27,894	-	7	24,861	7,189	9,518,029	12,030,251
Operating transfers in (out)									
Interfund transfers in (out)	473,761	2,152,373	(2,467,715)	18,146	196,633	-	(399,529)	(26,331)	-
Debt Service	10,795,000	(10,795,000)	-	-	-	-	-	-	-
Total operating transfers in (out)	11,268,761	(8,642,627)	(2,467,715)	18,146	196,633	-	(399,529)	(26,331)	-
Changes in net position after transfers	11,058,112	1,026,100	(2,439,821)	18,146	196,640	24,861	(392,340)	9,491,698	12,030,251
Net position, beginning of year	92,177,902	20,696,416	6,909,316	22,831,017	15,958,890	2,963,464	3,207,828	164,744,833	152,714,584
Net position, end of the year	\$ 103,236,014	\$ 21,722,516	\$ 4,469,495	\$ 22,849,163	\$ 16,155,530	\$ 2,988,325	\$ 2,815,488	\$ 174,236,531	\$ 164,744,835

These supplementary schedules do not include depreciation and reflect rounding.



**THE PHILADELPHIA PARKING AUTHORITY**  
*Trust Indentures of December 10, 2009 and September 5, 2008*  
*Philadelphia International Airport Facility*  
*Schedule of Direct Operating Expenses*  
*For the Years Ended March 31, 2015 and 2014*

Schedule 4

Page 1 of 1

	<b>2015</b>	<b>2014</b>
Salary and wage expense		
Salaries and wages	\$ 7,274,609	\$ 7,570,110
Pension plan expense	1,721,512	1,534,071
Total salary and wage expense	8,996,121	9,104,181
Payroll related expense		
Employees' benefits	3,765,784	3,196,254
Payroll taxes	532,307	574,546
Total salary and wage and payroll related expense	13,294,212	12,874,981
Direct operating expenses		
Professional fees	228,909	191,413
Utilities	312,341	630,513
Miscellaneous and office expenses	2,601,079	2,660,974
Repairs and maintenance	1,264,409	1,135,670
Insurance	417,411	(79,962)
Auto expenses	129,124	77,854
Supplies and tickets	74,254	47,357
Telephone	20,497	14,676
Equipments expenses	112,743	57,307
Total direct operating expenses	\$ 18,454,979	\$ 17,610,783

**THE PHILADELPHIA PARKING AUTHORITY**  
*Trust Indentures of December 10, 2009 and September 5, 2008*  
*Philadelphia International Airport Facility*  
*Debt Service Coverage Schedule*  
*For the Years Ended March 31, 2015 and 2014*

Schedule 5

Page 1 of 1

	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 64,950,665	\$ 63,459,567
Operating expenses		
Direct operating expenses	18,454,979	17,610,783
Administrative expenses	4,175,010	3,503,933
Interest income	<u>(1,546,656)</u>	<u>(884,032)</u>
Total operating expenses	21,083,333	20,230,684
Operating income, net	<u>\$ 43,867,332</u>	<u>\$ 43,228,883</u>
Debt service	\$ 16,284,931	\$ 17,694,035
Debt service coverage ratio	2.69	2.44
Debt service coverage requirement	1.50	1.50
Ratio over (under)	1.19	0.94

**THE PHILADELPHIA PARKING AUTHORITY**  
**Tax Exempt Bond of December 22, 2014, Series A & B**  
**Center City Garage Improvements**  
**Debt Service Coverage Schedule**  
**For the Year Ended March 31, 2015**

---

Schedule 6

Page 1 of 1

	<u>2015</u>
Operating revenues	
Market Street East garage	\$ 2,073,910
2nd & Sansom garage	2,146,338
Independence Mall garage	2,465,649
Family Court 15th & Arch St garage	293,962
8th & Filbert St garage	2,671,384
10th & Ludlow St garage	1,526,320
Total operating revenues	<u>11,177,563</u>
Operating expenses	
Direct operating expenses	4,356,609
Administrative expenses	3,101,793
Interest income	-
Total operating expenses	<u>7,458,402</u>
Operating income, net	<u>\$ 3,719,161</u>
Debt service	\$ 1,957,060
Debt service coverage ratio	1.90
Debt service coverage requirement	1.20
Ratio over (under)	0.70

**THE PHILADELPHIA PARKING AUTHORITY**  
**Reformatted Statements of Net Position**  
**March 31, 2015 and 2014 (in thousands)**

	<b>2015</b>	<b>2014</b>
<b>ASSETS:</b>		
Cash and cash equivalents on deposit and on hand	\$ 49,564	\$ 66,418
Investments - short term	22,842	15,639
Accounts receivable	728	712
Other current assets	346	321
Restricted cash and investments	113,253	94,468
Capital assets, net	172,191	170,994
Total assets	358,924	348,552
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred Amount on Refunding	4,807	5,425
Total assets and deferred outflows	363,731	353,977
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	19,200	17,035
Accrued interest payable	636	681
Due to the City /School District of Philadelphia	41,187	40,902
Due to the Pennsylvania Department of Transportation	2,304	2,857
Current portion of notes payable	600	485
Current portion of other long-term obligations	12,570	11,425
Non-current portion of notes payable	5,400	1,537
Non-current portion of other long-term obligations	146,955	144,675
Accrued claims payable	5,584	6,875
Payable for post retirement benefits, other than pensions	10,915	9,545
Total liabilities	245,351	236,017
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred Revenue	308	641
Total liabilities and deferred inflows	245,659	236,658
<b>NET POSITION:</b>	<b>\$ 118,072</b>	<b>\$ 117,319</b>

**THE PHILADELPHIA PARKING AUTHORITY**  
***Reformatted Statements of Revenues, Expenses, and Changes in Fund Net Position***  
***For the Years Ended March 31, 2015 and 2014 (in thousands)***

---

	<b>2015</b>	<b>2014</b>
<b>EXPENSES:</b>		
Operating expenses	\$ 106,942	\$ 103,116
Expense to the City/School District of Philadelphia	75,559	71,271
Expense to the Pennsylvania Department of Transportation	4,315	7,133
Interest on long-term debt	7,821	8,366
Administrative expenses	25,772	22,508
Depreciation & amortization expense	15,661	15,381
Total expenses	236,070	227,775
<b>PROGRAM REVENUES:</b>		
Charges for services	234,462	233,708
Net program revenues	(1,608)	5,933
<b>GENERAL REVENUES:</b>		
Interest and investment earnings	2,028	1,126
Other Income	333	-
Increase in net position	753	7,059
Net position, beginning of year	117,319	110,260
Net position, end of year	\$ 118,072	\$ 117,319