

**THE PHILADELPHIA
PARKING AUTHORITY**

Financial Statements,
Required Supplementary Information
And Other Financial Information
For the Years Ended
March 31, 2011 and 2010
&
Independent Auditors' Report

THE PHILADELPHIA PARKING AUTHORITY

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

INTRODUCTION

The following discussion and analysis of the financial performance and activities of The Philadelphia Parking Authority ("Authority") is presented to provide an introduction and understanding of the financial statements for the year ending March 31, 2011. 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 organization'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 8th & 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 ("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 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 increase the payment to the City of Philadelphia Division of Aviation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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 ten facilities in Center City with nearly 6,000 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 50 neighborhood parking lots under an Agreement with the City of Philadelphia.

In 1982, an Act of the General Assembly authorized the City of Philadelphia to assign responsibility for the management of on-street parking to the Authority. The City Council enacted an Ordinance the same year and the Authority entered into an Agreement 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 is transferred to the City of Philadelphia. On February 10, 2005, the Governor signed Act 9 of 2005 ("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 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.

The Authority's role in improving traffic safety expanded in fiscal year 2001 when the City Managing Director requested the Authority to be the exclusive towing and impoundment agent for the Live Stop Program, authorized by an Act 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).

MANAGEMENT'S DISCUSSION AND ANALYSIS **(Unaudited)**

In 2006, the General Assembly authorized a three-year pilot program of Red Light Photo Enforcement. The legislation established the Authority as the administrator of the program in cooperation with the City of Philadelphia and the Pennsylvania Department of Transportation. To date, 85 cameras have been installed monitoring 19 intersections.

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.

In keeping with the Authority's expanded mission to provide comprehensive parking and transportation services in the City of Philadelphia, regulatory responsibility for the taxicab and limousine industries were vested with the Authority pursuant to Act 94 of 2005. The transfer of responsibility came after years of complaint of substandard service. The Taxicab and Limousine Division (TLD) is modeled after the classic administrative agency design. The Division suggests new regulations to the Authority's Board after an opportunity for public comment. In addition to the promulgation of regulations, the TLD 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.

Today, the Authority's responsibilities have grown far beyond providing only off-street parking. The Authority's Strategic Plan, established in 2004, established a broad vision of the Authority's mission – to support the region's economic vitality by providing comprehensive parking management and transportation services through our partnership with the City of Philadelphia and the Commonwealth of Pennsylvania. As the elements of the plan evolve the focus continues to be on making Philadelphia a more mobile city, improve the quality of life and support economic development.

In 2009, the Authority, working with the City, developed a comprehensive mobility improvement plan for Center City. During fiscal year 2011, the Authority continued to implement and refine elements of that plan. The conversion of single space parking meters to kiosk payment stations in Center City and University City was completed. New parking regulation signs have continued to be installed as sign maintenance is completed. Additional motorcycle/scooter stalls were installed. Staff continues to monitor the effectiveness of these initiatives and adjustments have been made to improve parking availability for changing demand. In addition, many old parking meter poles were converted to bicycle racks to support the use of this growing transportation choice.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Because the Authority crafted legislation, approved by City Council, which provides flexibility in setting parking meter rates, the Authority will monitor vehicle occupancy rates to ensure that parking meter rates are set to provide adequate vacancies so customers can reasonably find a place to park.

In addition to the Authority's regulatory and enforcement responsibilities, the Authority expends considerable resources to ensure that the public is aware of the services we provide and the rules under which they must operate to avoid Authority enforcement actions. In fiscal year 2011, the Authority launched a completely redesigned web site (www.philapark.org). The new site provides updated information on parking rules and regulations, contact information and an enhanced parking locator. Additional improvements are planned for fiscal year 2012 including the ability to dispute tickets on-line as well as a new airport parking locator.

Authority staff also serve on several committees at the city and state 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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 Programs 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 Assets* presents information on the Authority's assets and liabilities. Assets are classified as either current assets (cash, investments, and amounts expected to be received within one year) or non-current assets (deposits, 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, 2012). The difference between the total assets and the total liabilities is reported as net assets.

The *Statement of Revenues, Expenses, and Changes in Fund Net Assets* 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 assets. The ending balance of net assets resulting from this increase or decrease is reflected on the Statement of Net Assets.

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 Assets.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

FINANCIAL ANALYSIS

The following table compares the Condensed Statement of Net Assets as of March 31, 2011 and 2010:

	3/31/2011	3/31/2010	Increase (Decrease)	%Increase (Decrease)
	(in thousands)	(in thousands)	(in thousands)	(rounded)
Current Assets	\$ 168,833	\$ 159,611	\$ 9,222	6%
Property and Equipment, net	207,418	212,725	(5,307)	-2%
Other Assets	3,095	4,015	(920)	-23%
Total Assets	<u>379,346</u>	<u>376,351</u>	<u>2,995</u>	1%
Current Liabilities	84,379	75,728	8,651	11%
Non-Current Liabilities	<u>197,267</u>	<u>207,059</u>	<u>(9,792)</u>	-5%
Total Liabilities	<u>281,646</u>	<u>282,787</u>	<u>(1,141)</u>	0%
Fund Net Assets:				
Capital Assets, net of related debt	58,143	51,444	6,699	13%
Restricted for capital projects	4,327	6,233	(1,906)	-31%
Unrestricted	<u>35,230</u>	<u>35,887</u>	<u>(657)</u>	-2%
Fund Net Assets	<u>\$ 97,700</u>	<u>\$ 93,564</u>	<u>\$ 4,136</u>	4%

- Current assets increased \$9.2 million, principally resulting from the increase in operating revenues, which increased funding to the Authority's workmen's compensation account and post-employment benefits account. Both of these accounts are in the Authority's cash and cash equivalents balance as of March 31, 2011.
- Property and equipment, net decreased of \$5.3 million, principally due to net additions of \$9.3 million offset by depreciation and amortization expense of \$14.6 million.
- In December 2006, the Authority concluded negotiations with the United States National Park Service (Department of the Interior) for the renewal of its lease of the parking garage located at 2nd & Sansom Streets. As part of the lease package, the Authority agreed to pay \$2.0 million to the United States National Park Service as advance rent (reflected as deposits in the Statement of Net Assets) of which \$0.5 million remains. The lease renewal will run from March 1, 2009 through February 27, 2039.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

- As of March 31, 2011 the amount due to City of Philadelphia included in Current Liabilities is \$49.9 million. The total due to the City includes \$24.6 million that was due to the Philadelphia Division of Aviation for fiscal year 2011, and \$7.6 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, 2011 are as follows:

	3/31/2011	3/31/2010
On-Street Operation - Gen'l Fund	\$ 4,645,419	\$ 1,990,301
On-Street Operation - School District	7,557,124	7,284,153
Airport	24,598,206	20,396,559
JFK Garage	11,832,326	10,492,945
Independence Mall	781,854	928,704
Disney Quest	509,428	302,029
 Total	\$ 49,924,357	\$ 41,394,691

- Non-Current Liabilities decreased by \$9.8 million, principally due to decreases in the non-current portion of revenue bonds payable and accrued claims payable, offset by increases in the non-current portion of notes payable and the payable for post-employment benefits other than pension.
- Net Assets increased \$4.1 million, although this is not available cash. The excess of revenue over expenses generated by both the Authority's On-Street & Airport Parking activities is turned over to the City of Philadelphia and the City's Division of Aviation, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The following table compares the amounts of revenues, expenses, and change in fund net assets for the fiscal years ending March 31, 2011 and 2010:

The Philadelphia Parking Authority's Changes in Revenues, Expenses, & Fund Net Assets

	<u>FY 2011</u> <u>(in thousands)</u>	<u>FY 2010</u> <u>(in thousands)</u>	Increase (Decrease) <u>(in thousands)</u>	% Increase (Decrease) <u>(rounded)</u>
Operating revenues:	\$ 222,665	\$ 212,985	\$ 9,702	5%
Operating expenses:				
Direct operating expenses	98,412	94,097	4,315	5%
Administrative expenses	18,362	18,275	87	0%
Expense to the City	70,881	64,204	6,677	10%
Expense to the PA DOT	7,646	5,497	2,149	39%
Depreciation and amortization	14,579	11,635	2,944	25%
Total operating expenses	<u>209,880</u>	<u>193,708</u>	<u>16,172</u>	8%
Operating income	<u>12,785</u>	<u>19,277</u>	<u>(6,492)</u>	-34%
Non-operating revenues:				
Investment income	<u>1,986</u>	<u>3,218</u>	<u>(1,232)</u>	-38%
Total non-operating revenues	<u>1,986</u>	<u>3,218</u>	<u>(1,232)</u>	-38%
Total non-operating expenses:				
Interest expense	10,635	11,572	(937)	-8%
Writedown of software costs	<u>-</u>	<u>593</u>	<u>(593)</u>	100%
Total non-operating expenses	<u>10,635</u>	<u>12,165</u>	<u>(1,530)</u>	-13%
Increase in fund net assets	4,136	10,330	(6,194)	-60%
Fund net assets, beginning of the year	<u>93,564</u>	<u>83,234</u>	<u>10,330</u>	12%
Fund net assets, end of the year	<u>\$ 97,700</u>	<u>\$ 93,564</u>	<u>\$ 4,136</u>	4%

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

FINANCIAL ANALYSIS (continued)

- Operating revenues increased \$9.7 million from the prior fiscal year. Contributing factors include the increase in meter revenue rates, the addition of the 8th & Filbert parking garage and the airport garages. Airport operations saw revenue increase by \$0.6 million. Other segments also saw increases including the Red Light Camera Program, which increased \$2.3 million.
- Direct operating expenses increased \$4.3 million from the prior year primarily from pension, repairs and maintenance and insurance.
- Administrative Expenses had no significant change for the current fiscal year.
- With regard to the Taxicab & Limousine Regulation Division, \$2.6 million of the original \$11.8 million transfer grant (from the Pennsylvania Utility Commission) remains on the books as deferred revenue. These funds will be recognized as revenue as they are spent on the program's capital expenditures and new initiatives.
- Expense to the City increased by \$6.7 million from the prior fiscal year while the Division of Aviation increased from the prior fiscal year by \$6.3 million (see below).
- Expense to the Pennsylvania Department of Transportation increased \$2.1 million from the prior year due to the addition of the new cameras.
- Depreciation & amortization expense increased \$2.9 million from the prior fiscal year.
- Interest expense decreased \$0.9 million from the prior year due to the retirement of the 15th & Arch Streets related note payable.
- During fiscal year 2011, the Authority recognized an increase in its insurance expense. After analyzing the Authority's recent experience and claims payment patterns, the insurance reserve requirement was established at \$8.7 million in accordance with the most recent actuarial study, an increase of \$1.3 million from fiscal year 2010.
- Starting with fiscal year 2008, the Authority is required to report its liability for post-employment retirement benefits other than pension. Per an actuarial study, the liability at March 31, 2011 was estimated at \$6.7 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Expense to City/School District of Philadelphia and Pennsylvania
Department of Transportation

	FYE 2011	FYE 2010
	(in thousands)	(in thousands)
On-Street (including both Gen'l Fund & School District of Phila.)	\$ 41,785	\$ 41,047
Airport	27,934	21,758
PA Dept. of Transportation	7,646	5,497
Off-Street	1,162	1,399
Totals	<u>\$ 78,527</u>	<u>\$ 69,701</u>

The City/School District of Philadelphia receives 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 both direct expenses and an allocation of support costs (excluding depreciation). In addition to the expenses noted above, there is also a deduction for capital assets purchased during the fiscal year. For the fourth time since fiscal year 2004, the Authority exceeded the threshold resulting in a \$7.6 million payment to the School District of Philadelphia. These funds were remitted on June 8, 2011.

In addition to the net revenue payments from operations, the Authority collected and remitted to the City of Philadelphia \$17.1 million for fiscal year 2011 and \$16.2 million for fiscal year 2010 in Parking Privilege Tax.

Government Accounting Standards Board Statement No. 34 ("GASB 34") requires capital purchases to be recorded as assets in the financial statements. A reconciliation is therefore 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 \$42 million in fiscal year 2011.

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, 2011 was \$27.9 million, an increase of almost \$6.2 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 (i.e., 1999A Indenture) usually exceeds the revenue generated from its present parking facility, thus contributing in great part to the Off-Street payment to the City of Philadelphia being negative. The City of Philadelphia guarantees this bond issue. During fiscal year 2011, the 1999A indenture (i.e., the parking lot at 8th & Chestnut Streets) did operate at a deficit. The City provided almost \$1.2 million to cover debt service payments during fiscal year 2011. As of March 31, 2011, the City of Philadelphia has provided slightly over \$8.7 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 as/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, 2012:

- Capital Projects for the 2012 fiscal year total just under \$23.0 million. Airport garage vehicles are \$0.1 million. 8th & Filbert Street garage is \$15 million and other center city garages total \$6.2 million of the total; On-Street's portion, \$0.8 million, for tow trucks and various vehicles. Live Stop share of the tow truck's and vehicle cost is \$0.6 million. Support vehicles are \$0.3 million.
- The addition of five new Red Light Camera sites is expected to increase revenue for this activity.
- Airport revenue is expected to increase by \$1.8 million in fiscal year 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Application of Technology to Improve Public Service and Increase Efficiency: The Authority is continuing to implement projects from the Vision and Scope analysis of technology projects. These investments are enabling the Authority to better serve its client base and improve efficiency. The new Authority web site has updated information and enhanced user friendliness. The new Parking Locator has the ability to provide driving directions and sites of interest near parking facilities. Additional enhancements are planned for fiscal year 2012.

The On-Street Parking division implemented a pilot program to test the effectiveness of a License Plate Recognition system for enforcing Residential Permit Parking blocks. If it proves to be effective this technology will greatly increase the efficiency with which these blocks are enforced and improve customer service in residential areas throughout the city.

Several technology enhancements were implemented at the Airport Parking Operation including; License Plate Recognition (LPR), Credit Card In and Out (CCIO), conversion of five (5) main toll plaza lanes, to automated self-service toll lanes, new Economy Lot toll plaza, upgrade of the security surveillance system, and installation of Automated Vehicle Interface (AVI) technology.

Multi-Space Parking Meter Kiosks: The conversion from single space parking meters to kiosk pay stations was completed in fiscal 2011. These devices also reduce costs since there are fewer machines requiring less maintenance and reduce collection costs by accepting non-cash payment.

New Parking Regulation Sign Design: During fiscal 2011, the Authority partnered with the University of the Arts to create new parking regulation signs. The students prepared new sign designs which better communicate information to the public and standardized colors, fonts and layout. The new sign design was used in the later part of the process of installation of meter kiosks. It will be used moving forward in all sign replacements. The students also recommended better information panels for the meter kiosks which will be implemented in fiscal 2012.

Productivity: The Authority will continue its management focus in the areas of Workers' Compensation and absenteeism, which affect productivity.

Investment Management: We will continue to focus on Investment Management of our short-term and long-term investments. Our banking relationships are continually monitored to ensure lowest cost and highest earnings.

Taxi and Limousine Regulation: Regulation of taxi and limousine service in the City of Philadelphia was transferred from the Pennsylvania Public Utility Commission to The Philadelphia Parking Authority in April 2006. TLD staff and the Authority General Counsel are in the process of completely rewriting the regulations governing these industries. This process will conform to the state Independent Regulatory Review Commission as required by recent court decisions. This is also an opportunity to update the processes after several years of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

A comprehensive review of maintenance needs for the 8th and Filbert Streets garage was completed and a plan developed to address structural and aesthetic issues involving that facility.

The Authority also began the process, with the City Department of Public Property to completely renovate the garage at John F. Kennedy Plaza to include the renovation of the street level plaza. Request for proposals for design and engineering services has been solicited and will be reviewed and awarded in fiscal 2012.

SUBSEQUENT EVENTS

Red Light Cameras. Philadelphia City Council granted approval for six additional Red Light Cameras to be placed in service. Two of the sites were placed into service during the 2010 fiscal year. The remaining four sites will be placed in service this coming fiscal year namely at the intersections of Rising Sun Avenue at Adams Avenue, Henry Avenue at Walnut Lane, Aramingo Avenue at York Street, and Aramingo Avenue at Castor.

Maintenance Fund Cash Transfer. The Authority transferred another \$2 million from the Maintenance Fund from the Airport Bond Indenture to reimburse the Authority for principal and interest payments for the \$10 million loan to pay for the concrete restoration project. The Authority's bond counsel approved the transfer of funds.

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Philadelphia Parking Authority:

We have audited the accompanying statement of net assets of The Philadelphia Parking Authority (the "Authority") as of March 31, 2011 and 2010 and the related statements of revenues and expenses and changes in fund net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages i through xiii and schedule of funding progress (OPEB) on page 27, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

ParenteBeard LLC

Philadelphia, Pennsylvania
August 29, 2011

THE PHILADELPHIA PARKING AUTHORITY

*Statements of Net Assets
As of March 31, 2011 and 2010*

	<u>2011</u>	<u>2010</u>
ASSETS:		
Cash and cash equivalents	\$ 76,916,916	\$ 67,296,848
Investments	90,457,357	90,799,693
Accrued interest receivable	274,251	292,030
Accounts receivable	974,005	944,220
Prepaid expenses	210,891	278,421
Total current assets	<u>168,833,420</u>	<u>159,611,212</u>
Deposits	451,886	1,282,321
Restricted cash	2,642,559	2,732,645
Property and equipment:		
Parking facilities	293,436,671	291,725,141
Land	15,979,653	15,979,653
Improvements, equipment and furniture	47,957,571	40,396,647
Lease acquisition costs	589,837	589,837
Less: accumulated depreciation	<u>(150,545,318)</u>	<u>(135,966,042)</u>
Total property and equipment	<u>207,418,414</u>	<u>212,725,236</u>
Total assets	<u>379,346,279</u>	<u>376,351,415</u>
LIABILITIES:		
Accounts payable and accrued expenses	15,375,411	15,497,388
Accrued interest payable	807,048	832,070
Deferred revenue	2,642,559	2,732,645
Due to the City/ School District of Philadelphia	49,924,357	41,394,691
Due to the Pennsylvania Department of Transportation	2,354,754	1,705,306
Current portion of revenue bonds	7,985,000	7,435,000
Current portion of notes payable	5,289,580	6,130,496
Total current liabilities	<u>84,378,709</u>	<u>75,727,597</u>
Revenue bonds payable	177,590,000	185,575,000
Deferred amount on refunding	(7,273,797)	(7,901,359)
Notes payable	11,594,913	17,276,474
Accrued claims payable	8,676,309	7,370,309
Payable for post-employment benefits, other than pensions	6,680,301	4,738,949
Total liabilities	<u>281,646,436</u>	<u>282,786,970</u>
FUND NET ASSETS:		
Capital assets, net of related debt	58,143,518	51,444,108
Restricted for capital projects	4,326,550	6,233,211
Unrestricted	35,229,777	35,887,126
Fund net assets	<u>\$ 97,699,844</u>	<u>\$ 93,564,445</u>

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

THE PHILADELPHIA PARKING AUTHORITY
Statement of Revenues and Expenses and Changes in Fund Net Assets
For the Years Ended March 31, 2011 and 2010

	2011	2010
Operating revenues	\$ 222,665,270	\$ 212,985,321
Operating expenses:		
Direct operating expenses	98,411,953	94,096,615
Administrative expenses	18,362,250	18,274,621
Expense to the City/School District of Philadelphia	70,881,088	64,204,545
Expense to the Pennsylvania Department of Transportation	7,645,683	5,496,647
Depreciation and amortization expense	14,579,276	11,635,376
Total operating expenses	209,880,250	193,707,804
Operating income	12,785,020	19,277,517
Nonoperating revenues (expenses):		
Investment income	1,985,583	3,217,931
Interest expense	(10,635,204)	(11,571,907)
Loss on writedown of software costs	-	(593,625)
Total nonoperating expenses	(8,649,621)	(8,947,601)
Increase in fund net assets	4,135,399	10,329,916
Fund net assets, beginning of year	93,564,445	83,234,529
Fund net assets, end of the year	\$ 97,699,844	\$ 93,564,445

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, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and others	\$ 225,188,779	\$ 212,985,321
Salaries and administrative costs paid to employees	(76,971,015)	(75,892,291)
Payments to suppliers for services	(40,326,008)	(41,311,078)
Payments to the City/ School District of Philadelphia	(59,827,913)	(71,046,839)
Payments to the Pennsylvania Department of Transportation	(6,996,647)	(4,715,691)
Net cash provided by operating activities	41,067,196	20,019,422
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property and equipment, net	(9,272,454)	(15,313,220)
Proceeds from revenue bonds and notes payable	-	142,280,000
Principal paid on revenue bonds and notes payable	(13,957,477)	(144,545,778)
Interest paid on revenue bonds and notes payable	(10,635,204)	(11,571,907)
Net cash used in financing activities	(33,865,135)	(29,150,905)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments, net	342,339	5,273,487
Investment income	1,985,583	2,987,931
Net cash provided by investing activities	2,327,922	8,261,418
Net increase (decrease) in cash and cash equivalents	9,529,982	(870,065)
Cash and cash equivalents (including restricted cash), beginning of the year	70,029,493	70,899,558
Cash and cash equivalents (including restricted cash), end of the year	\$ 79,559,475	\$ 70,029,493
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 12,785,020	\$ 19,277,517
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	14,579,276	11,635,376
Changes in assets and liabilities:		
Accounts receivable	800,650	670,120
Other assets	85,307	(106,778)
Accounts payable and other accrued expenses	3,727,915	(4,663,446)
Deferred revenue	(90,086)	(163,589)
Due to the City/School District of Philadelphia	8,529,666	(7,417,522)
Due to the Pennsylvania Department of Transportation	649,448	787,744
Net cash provided by operating activities	\$ 41,067,196	\$ 20,019,422

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

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2011 and March 31, 2010

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 revenues of the 10th & Ludlow garage have been pledged as security for a 2003 tax-exempt loan; the revenues from the Authority’s 15th & Arch Streets parking lot is used to pay the debt for the money borrowed to acquire that property.

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 Government 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 assets and statements of revenues, expenses and changes in fund net assets 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. The Authority applies the Financial Accounting Standards Board (“FASB”) pronouncements issued before November 30, 1989 only, except for those that conflict with GASB pronouncements.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

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 less. Unrealized gains and losses, if any, are included in non-operating revenues or expenses.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

Property and Equipment, and Depreciation

Property and equipment are stated at cost, which includes interest and legal 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:

	Balance March 31, 2010	Additions	Retirements	Balance March 31, 2011
Land	\$ 15,979,653			\$ 15,979,653
Lease acquisition costs	589,837			589,837
Total property and equipment not being depreciated	16,569,490	-	-	16,569,490
Parking facilities	291,725,141	1,711,530	-	293,436,671
Improvements, equipment and furniture	40,396,647	7,560,924	-	47,957,571
Total property and equipment being depreciated	332,121,788	9,272,454	-	341,394,242
Total	348,691,278	9,272,454	-	357,963,732
<u>Less Accumulated Depreciation:</u>				
Parking facilities	115,511,113	8,975,881		124,486,994
Improvements, equipment and furniture	20,454,929	5,603,395		26,058,324
Total Accumulated Depreciation	135,966,042	14,579,276	-	150,545,318
Total property and equipment being depreciated, net	196,155,746	(5,306,822)	-	190,848,924
Property and equipment, net	\$ 212,725,236	\$ (5,306,822)	\$ -	\$ 207,418,414

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

	Balance March 31, 2009	Additions	Retirements	Balance March 31, 2010
Land	\$ 15,979,653			\$ 15,979,653
Lease acquisition costs	589,837			589,837
Total property and equipment not being depreciated	16,569,490	-	-	16,569,490
Parking facilities	289,645,817	16,030,461	(13,951,137)	291,725,141
Improvements, equipment and furniture	27,756,376	13,192,040	(551,769)	40,396,647
Total property and equipment being depreciated	317,402,193	29,222,501	(14,502,906)	332,121,788
Total	333,971,683	29,222,501	(14,502,906)	348,691,278
<u>Less Accumulated Depreciation:</u>				
Parking facilities	107,657,178	7,853,935		115,511,113
Improvements, equipment and furniture	16,673,489	3,781,440		20,454,929
Total Accumulated Depreciation	124,330,667	11,635,375	-	135,966,042
Total property and equipment being depreciated, net	193,071,526	17,587,126	(14,502,906)	196,155,746
Property and equipment, net	\$ 209,641,016	\$ 17,587,126	\$ (14,502,906)	\$ 212,725,236

Restricted Assets

The Authority has issued bonds under indentures that require the establishment of various funds. Assets, including property and equipment, of the Construction Funds, Revenue Funds, Bond Funds, Bond Reserve Funds, Maintenance Funds, Bond Redemption & Improvement Funds, Debt Service Funds, and Rebate & Escrow Funds approximated \$297 million and \$296 million at March 31, 2011 and 2010, respectively. Use of these assets is restricted by the governing trust indentures. Substantially all assets of the funds under trust indentures are pledged as security for the outstanding bonds payable.

The Authority has received money from the Public Utility Commission for the transfer of regulatory authority of the Taxis and Limousines operating in Philadelphia. The balance of this deferred revenue was \$2,642,559 and \$2,732,645 as of March 31, 2011 and 2010, respectively.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

Interest Capitalization

The Authority capitalizes related interest charges incurred and interest income during the development of its facilities. During the years ended March 31, 2011 and 2010 the Authority had no capitalized interest expense.

Operating Revenues and Non-Operating Revenues

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

Recent Accounting Pronouncements Not Yet Effective

In June 2009, GASB issued Statement No. 59, *Financial Instruments Omnibus* (“GASB 59”). This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. The Authority’s management is in the process of evaluating, but has not yet determined how the adoption of GASB 59 will impact the Authority’s financial statements. The Authority is required to adopt the provisions of GASB 59 for its March 2012 financial statements.

In November 2009, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* (“GASB 60”). The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The Authority’s management is in the process of evaluating, but has not yet determined how the adoption of GASB 60 will impact the Authority’s financial statements. The Authority is required to adopt the provisions of GASB 60 for its March 2013 financial statements.

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Notes to Financial Statements
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In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("GASB 62"). The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict or contradict GASB pronouncements. The Authority's management is in the process of evaluating, but has not yet determined how the adoption of GASB 62 will impact the Authority's financial statements. The Authority is required to adopt the provisions of GASB 62 for its March 2013 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. All deposits are collateralized by securities held by the pledging financial institutions' trust department or agent but not in the Authority's name.

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, 2011 and March 31, 2010

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.

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 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.

Deposits are comprised of demand deposit accounts with financial institutions. At March 31, 2011 and 2010, the carrying amount of the Authority's deposits was \$76,819,789 and \$67,147,509, respectively, compared to bank balances of \$79,128,359 and \$69,857,904, 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, 2011 and 2010, \$1,500,000 of the Authority's bank balance was insured by the Federal Deposit Insurance Corporation. The remaining balance of \$75,319,789 and \$65,647,509 at March 31, 2011 and 2010, respectively, is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

The carrying value (fair value) of the Authority's investments at March 31, 2011 is presented below:

	<u>Fair Value</u>	<u>Moody's Rating</u>	<u>Modified Duration (Average)</u>
U.S. Government Treasury	\$ 55,187,384	AAA	1.77
Fixed income corporate issue	6,703,278	AAA	2.18
Other investments (money market accounts)	28,566,695	AAA	Not Applicable
	<u>\$ 90,457,357</u>		

The carrying value (fair value) of the Authority's investments at March 31, 2010 is presented below:

	<u>Fair Value</u>	<u>Moody's Rating</u>	<u>Modified Duration (Average)</u>
U.S. Government Treasury	\$ 54,302,052	AAA	1.83
Fixed income corporate issue	6,184,327	AAA	2.24
Other investments (money market accounts)	30,313,314	AAA	Not Applicable
	<u>\$ 90,799,693</u>		

The Authority has no exposure to foreign currency risk.

4. DEPOSITS

Deposits at March 31, 2011 and 2010 represent \$451,886 and \$1,282,231, respectively, which the Authority paid to the United States National Park Service (Department of the Interior) as prepaid rent under its recently negotiated lease renewal for the parking garage at 2nd & Sansom Streets. This lease commenced on March 1, 2009; the entire prepaid expense is not expected to be depleted until sometime during the fiscal year ending March 31, 2012.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

5. BOND RESERVE FUNDS

In accordance with the terms of the governing trust indentures, certain restricted funds are required to be maintained for debt service requirements as follows:

Trust Indenture - Required Net Assets	3/31/2011	3/31/2010
May 27, 1999	\$ 3,220,181	\$ 3,220,181
September 5, 2008	\$ 5,263,728	\$ 5,262,202
December 10, 2009	\$ 10,694,231	\$ 10,694,231

If there is a deficiency in the funds within the May 27, 1999 Trust Indenture, the City is required to pay such deficiency. The deficiency due from the City is \$1,163,363 and \$1,168,120 as of March 31, 2011 and 2010, respectively, and is included as a reduction in the amount due to the City of Philadelphia on the statement of net assets.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

6. REVENUE BONDS & NOTES PAYABLE

A summary of revenue bonds outstanding is as follows:

Bond Issue	Issuance Date	Amount Issued	Maturity Date	Principal Outstanding March 31, 2011	Principal Outstanding March 31, 2010	Interest Rate	Sinking Fund Requirements	Purpose of Bond Issue
Parking System Revenue Bonds, Series 1999A	May 27, 1999	\$ 47,390,000	February 15, 2029	\$ 15,365,000	\$ 15,885,000	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	40,380,000	46,075,000	4.125% - 5.00%	Mandatory, beginning September 1, 2009 through 2019	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	129,830,000	131,050,000	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.
				185,575,000	193,010,000			
Deferred Bond Refunding				(7,273,797)	(7,901,359)			
				\$ 178,301,203	\$ 185,108,641			

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

Revenue Bonds

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 values of the old and new debt service payments) of \$5,128,997.

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.

On May 27, 1999, the Authority issued \$47,390,000 Series of 1999A Parking System Revenue Bonds with interest rates ranging from 4.00% to 5.25% and having various maturity dates through 2029. The Bonds were issued to provide the Authority with proceeds to acquire a parking facility (the "Garage") at 8th & Chestnut Streets (the "Chestnut Street Parcel"). 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 Fund Net Assets in 2002. These costs were previously capitalized as construction-in-progress on the statement of net assets. During fiscal year 2003, \$27,200,000 of the remaining principal outstanding on the Bonds was defeased.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

Notes Payable

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. The fixed rate of interest is 4.377%. The balance of the loan at March 31, 2011 and 2010 is \$7,146,920 and \$9,273,463, respectively.

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 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%. At March 31, 2011 the rate was 4.25%. The principal balance of this note payable at March 31, 2011 and 2010 is \$4,863,122 and \$6,632,178, respectively. The second loan of \$1,154,725 has an interest rate of 4.25% and is also tied to the prime rate. The principal balance of this note payable at March 31, 2011 and 2010 is \$634,856 and \$865,908, respectively. Both loans have a five year term.

On July 29, 2003, the Authority borrowed \$6,000,000 from a bank at 4.06%. The loan is due on April 1, 2014. The Authority has used the proceeds for capital projects and acquisition of capital assets. The balance of the note payable at March 31, 2011 and 2010 is \$3,171,476 and \$3,535,444, respectively. The term of this loan has been shortened by five years.

During the fiscal year 1999, the Authority borrowed \$4,700,000 for the land acquisition of the City Center Facility located at 15th & Arch Streets. The borrowing was repaid in full on January 1, 2011.

During the fiscal year 1998, the Authority borrowed \$1,500,000 for the development of the municipal government's records department facility located at 3101 Market Street, which the City of Philadelphia subleases from the Authority. This borrowing is a fifteen-year bank note with principal payable annually, and interest payable semiannually at the fixed rate of 5.99% per annum. The balance of this note at March 31, 2011 and 2010 is \$253,459 and \$383,524, respectively. The City of Philadelphia guarantees this loan.

During the fiscal year 1998, the Authority also borrowed \$5,500,000 for further improvements to the building located at 3101 Market Street. This borrowing is also a fifteen-year bank note with principal payable annually, and interest payable semiannually at the fixed rate of 6.50% per annum. The balance of this note at March 31, 2011 and 2010 is \$814,660 and \$1,316,683, respectively.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

The aggregate annual principal and sinking fund payments of debt at March 31, 2011 is as follows:

Year Ending March 31,	Revenue Bonds		Notes Payable	Notes Payable
	Principal Amount	Revenue Bonds Interest Amount	Principal Amount	Interest Amount
2012	\$ 7,985,000	\$ 9,069,948	\$ 5,289,580	\$ 507,974
2013	10,520,000	8,616,710	5,092,855	322,976
2014	10,970,000	8,081,420	4,278,817	167,446
2015	11,425,000	7,522,910	876,970	83,999
2016	11,970,000	6,961,181	504,512	62,660
2017-2021	67,880,000	25,346,861	841,759	62,970
2022-2026	53,485,000	8,944,445	-	-
2027-2030	11,340,000	1,332,009	-	-
	<u>\$ 185,575,000</u>	<u>\$ 75,875,484</u>	<u>\$ 16,884,493</u>	<u>\$ 1,208,025</u>

The following tables provide a summary of changes in revenue bonds outstanding and notes payable for the years ended March 31, 2011 and 2010:

	Balance at March 31, 2010	Proceeds	Bonds Refunded	Principal Repayments	Balance at March 31, 2011
Revenue Bonds					
Outstanding	\$ 193,010,000	\$ -	\$ -	\$ (7,435,000)	\$ 185,575,000
Notes Payable	\$ 23,406,970	\$ -	\$ -	\$ (6,522,477)	\$ 16,884,493

	Balance at March 31, 2009	Proceeds	Bonds Refunded	Principal Repayments	Balance at March 31, 2010
Revenue Bonds					
Outstanding	\$ 201,055,000	\$ 131,050,000	\$ (131,590,000)	\$ (7,505,000)	\$ 193,010,000
Notes Payable	\$ 17,857,748	\$ 11,000,000	\$ -	\$ (5,450,778)	\$ 23,406,970

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

7. RESTRICTED NET ASSETS

Restricted net assets consist of the following at March 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Series of 2009:		
Debt service reserve fund	\$ 1,781,855	\$ 1,719,404
Subtotal	1,781,855	1,719,404
Less revenue bonds payable attributable to above funds	<u>(1,781,855)</u>	<u>(1,719,404)</u>
Restricted net assets, Series of 2009	<u>-</u>	<u>-</u>
Series of 2008:		
Debt service fund	3,863,812	1,661,785
Bond reserve fund	5,263,728	5,262,202
Maintenance fund	4,826,431	6,733,092
Bond redemption fund	<u>4,106,120</u>	<u>5,636,213</u>
Subtotal	18,060,091	19,293,292
Less revenue bonds payable attributable to above funds	<u>(13,733,647)</u>	<u>(13,060,186)</u>
Restricted net assets, Series of 2008	<u>4,326,444</u>	<u>6,233,106</u>
Series of 1999:		
Debt service reserve fund	-	-
Bond reserve fund	10,694,231	10,694,231
Construction fund	9,517	21,840
Rebate fund	106	106
Bond redemption fund	<u>-</u>	<u>-</u>
Subtotal	10,703,854	10,716,177
Less revenue bonds payable attributable to above funds	<u>(10,703,748)</u>	<u>(10,716,071)</u>
Restricted net assets, Series of 1999	<u>106</u>	<u>106</u>
Series of 1999A:		
Bond reserve fund	3,220,181	3,220,181
Revenue fund	42,617	45,620
Construction fund	102,156	102,157
Bond redemption fund	<u>28,147</u>	<u>28,117</u>
Subtotal	3,393,101	3,396,075
Less revenue bonds payable attributable to above funds	<u>(3,393,101)</u>	<u>(3,396,075)</u>
Restricted net assets, Series of 1999A	<u>-</u>	<u>-</u>
Total restricted net assets	<u>\$ 4,326,550</u>	<u>\$ 6,233,211</u>

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

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, 16th 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 2011. The Authority's required contribution to the Plan is actuarially determined based on the benefits to which employees are entitled. The Authority contributed \$12,522,265, \$12,714,018 and \$12,106,087 to the Plan during 2011, 2010 and 2009, 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, 2011, 2010 and 2009, the contribution rates for the Authority's qualified employee groups are 151.463%, 116.161% and 105.450% of salaries for employees hired prior to March 21, 1996 (the "J" plan) and 6.36%, 6.009% and 5.697% 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.

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, 2011, 2010 and 2009, payments for these pension benefits totaled \$400,582, \$329,772 and \$416,157, respectively.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

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 30th following the close of each fiscal year, and totaled just over \$27.9 million for fiscal year ended 2011.

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 2004 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, \$34.2 million is recognized as expense to the Philadelphia City General Fund and \$7.6 million as expense to the School District of Philadelphia for fiscal year ended 2011.

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 is being considered as doubtful to its collectability and the balance has been reserved as of March 31, 2011 and 2010.

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, 2011 and March 31, 2010

Future minimum annual lease and sublease payments under the Authority's various operating leases at March 31, 2011 is as follows:

<u>Year Ended March 31,</u>	<u>Future Minimum Lease Payments</u>	<u>Less: Sublease Income</u>	<u>Net Future Minimum Lease Payments</u>
2012	\$ 1,690,298	\$ 729,807	\$ 960,491
2013	972,719	583,590	389,129
2014	981,565	583,590	397,975
2015	990,633	583,590	407,043
2016	999,926	583,590	416,336
Total	<u>\$ 5,635,141</u>	<u>\$ 3,064,167</u>	<u>\$ 2,570,974</u>

Rental expense for the fiscal years ended March 31, 2011 and 2010 were \$1,625,594 and \$1,508,382, respectively.

Further, the Authority leases three of its parking garages, two from the City of Philadelphia, namely the facilities located on JFK Blvd. at 15th Street and Independence Mall, and a third from the United States National Park Service (Department of the Interior). Since rent for these facilities is calculated per a formula using gross parking fees along with other variables, amounts expected to be due per these lease agreements have neither been estimated nor included in the above table of Future Minimum Lease Payments.

10. SERVICE AGREEMENTS

The Authority has a contract with ACS State and Local Solutions, Inc., a Xerox corporation ("ACS") 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, ACS is reimbursed based upon both the number of tickets processed and a percentage of the revenue collected from overdue parking tickets.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

11. RISK MANAGEMENT

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:

RISK MANAGEMENT ANALYSIS

Coverage	Deductible	Limit per Occurrence	Overall Aggregate Coverage Limit
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, 2011 and 2010 is approximately \$10,681,000 and \$10,417,000, 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 \$8,676,309 and \$7,370,309 as of March 31, 2011 and 2010, respectively, was established according to a third-party actuarial study.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

Balances in the Authority's Accrued Claims Liability account were:

	Balance, April 1, 2010	Current Year claims and changes in estimates	Claims Payments	Balance, March 31, 2011
Workers Compensation	\$5,622,621	\$2,869,958	\$2,202,860	\$6,289,719
General Liability	1,747,688	1,175,014	536,112	\$2,386,590
	<u>\$7,370,309</u>	<u>\$4,044,972</u>	<u>\$2,738,972</u>	<u>\$8,676,309</u>

	Balance, April 1, 2009	Current Year claims and changes in estimates	Claims Payments	Balance, March 31, 2010
Workers Compensation	\$7,719,667	\$593,744	\$2,690,790	\$5,622,621
General Liability	237,758	2,047,860	537,930	\$1,747,688
	<u>\$7,957,425</u>	<u>\$2,641,604</u>	<u>\$3,228,720</u>	<u>\$7,370,309</u>

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, 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.

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).

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

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

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	\$ 2,370,053
Interest on Net OPEB Obligation	213,253
Adjustment to Annual Required Contribution	<u>(278,434)</u>
Annual OPEB Cost (Expense)	2,304,872
Contributions Made (<i>pay-as-you-go expds.</i>)	<u>(363,520)</u>
Increase in Net OPEB Obligation	1,941,352
Net OPEB Obligation - April 1, 2010	<u>4,738,949</u>
Net OPEB Obligation - March 31, 2011	<u><u>\$ 6,680,301</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, 2011 and the two preceding years was as follows:

Fiscal Year Ended	Annual OPEB cost	Percentage of Annual OPEB cost contributed	Net OPEB Obligation
March 31, 2011	\$ 2,304,872	15.8%	\$ 6,680,301
March 31, 2010	2,032,985	24.6%	4,738,949
March 31, 2009	1,920,625	22.4%	3,285,300

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

Funding Status & Funding Progress.

The funded status of the plan as of March 31, 2011, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability ("AAL")	\$	17,141,100
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability ("UAAL")	\$	17,141,100
Funded ratio		0%
Covered payroll	\$	21,103,394
UAAL as percentage of covered payroll		81.2%

Actuarial valuations of an ongoing obligation involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the obligation and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods & Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In calculating the March 31, 2011 valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate (investment rate of return, net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. Initial cost trend assumptions for annual healthcare & prescription costs, annual dental costs, and annual vision costs are 10%, 5%, and 4%, respectively, and are subsequently reduced by decrements (where applicable) to ultimate rates of 5%, 5%, and 4% respectively, after four years.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2011 and March 31, 2010

Further, these rates included a 3% inflation assumption. The UAAL is being amortized on the “Level Dollar” open basis, with an end-of-year interest component. The remaining amortization period at March 31, 2011 is 26 years.

13. SUBSEQUENT EVENTS

Red Light Cameras. Philadelphia City Council granted approval for five additional Red Light Cameras to be placed in service. The sites will be placed in service this coming fiscal year namely at the intersections of Broad Street and Vine Street, Island Avenue and Lindbergh Avenue, Grant Avenue and Academy Road, Byberry Road and Worthington Road and Byberry Avenue and Bustleton Avenue.

Maintenance Fund Cash Transfer. The Authority transferred another \$2 million from the Maintenance Fund established by the Airport Bond Indenture to reimburse the Authority for principal and interest payments for the \$10 million loan to pay for the concrete restoration project. The Authority’s bond counsel approved the transfer of funds.

THE PHILADELPHIA PARKING AUTHORITY
Required Supplementary Information for the Years Ended
March 31, 2011 and March 31, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Schedule of Funding Progress (OPEB)			Covered Payroll	UAAL as a percentage of Covered Payroll ((b-a)/c)
		Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		
March 31, 2011	-	17,141,100	17,141,100	0.00%	21,103,394	81.20%
March 31, 2010	-	15,462,191	15,462,191	0.00%	21,095,725	73.30%
March 31, 2009	-	13,078,760	13,078,760	0.00%	20,696,287	63.20%

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Philadelphia Parking Authority:

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The following financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ParenteBeard LLC

Philadelphia, Pennsylvania
August 29, 2011

THE PHILADELPHIA PARKING AUTHORITY
Combining Balance Sheet
As of March 31, 2011

	Funds Under Trust Indenture				Funds Not Under Trust Indenture	Red Light Camera Enforcement Program	On-Street Parking	Combined Totals 2011	Combined Totals 2010
	May 27, 1999		September 5, 2008 and December 10, 2009						
	Restricted	Unrestricted	Restricted	Unrestricted					
Assets:									
Cash and cash equivalents	\$ -	\$ 879,151	\$ -	\$ 3,916,201	\$ 43,587,966	\$ 2,842,215	\$ 25,691,383	\$ 76,916,916	\$ 67,296,848
Investments	3,393,101	-	30,545,800	34,386,483	19,026,823	-	3,103,148	90,457,357	90,799,693
Accrued interest receivable	14,224	14,196	75,981	119,347	50,504	-	-	274,251	292,030
Accounts receivable	-	-	-	-	863,606	-	108,399	974,005	944,220
Prepaid expenses	-	-	-	-	1,742	-	209,149	210,891	278,421
Total current assets	3,407,325	893,347	30,621,781	38,422,030	63,532,643	2,842,215	29,114,079	168,833,420	159,611,212
Deposits	-	-	-	-	451,886	-	-	451,886	1,282,321
Restricted cash	-	-	-	-	2,642,559	-	-	2,642,559	2,732,645
Property and equipment:									
Parking facilities	-	-	251,463,458	-	41,973,213	-	-	293,436,671	291,725,141
Land	11,025,129	-	-	-	4,954,524	-	-	15,979,653	15,979,653
Improvements, equipment, and furniture	-	469,890	-	10,564,870	16,915,615	-	20,007,196	47,957,571	40,396,647
Lease acquisition costs	-	-	-	-	589,837	-	-	589,837	589,837
Total assets	11,025,129	469,890	251,463,458	10,564,870	64,433,189	-	20,007,196	357,963,732	348,691,278
	\$ 14,432,453	\$ 1,363,237	\$ 282,085,239	\$ 48,986,901	\$ 131,060,277	\$ 2,842,215	\$ 49,121,274	\$ 329,891,597	\$ 512,317,456
Liabilities:									
Accounts payable and accrued expenses	\$ -	\$ 24,194	\$ -	\$ 2,427,353	\$ 5,669,049	\$ 862,134	\$ 6,392,679	\$ 15,375,410	\$ 15,497,388
Accrued interest payable	96,223	-	710,823	-	-	-	-	807,048	832,070
Deferred revenue	-	-	-	-	2,642,559	-	-	2,642,559	2,732,645
Due to (from) City/School District of Philadelphia	-	509,428	-	24,598,206	12,614,180	-	12,202,543	49,924,357	41,394,691
Due to the Pennsylvania Department of Transportation	-	-	-	-	-	2,354,754	-	2,354,754	1,705,306
Current portion of revenue bonds	543,000	-	7,440,000	-	963,649	-	2,325,822	7,985,000	7,435,000
Current portion of notes payable	-	-	2,000,108	-	(7,397,103)	-	5,944,873	5,289,580	6,130,496
Due to (from) other funds	-	73,497	-	1,753,406	(374,673)	-	-	-	-
Total current liabilities	641,223	607,119	10,130,933	28,778,965	14,492,335	2,842,215	26,865,918	84,378,708	75,727,596
Revenue bonds payable	14,820,000	-	162,770,000	-	-	-	-	177,590,000	185,575,000
Deferred amount on refunding	-	-	(7,273,797)	-	-	-	-	(7,273,797)	(7,901,359)
Notes payable	-	-	3,497,870	-	3,022,487	-	5,074,556	11,594,913	17,276,474
Accrued claims payable	-	-	-	-	8,676,309	-	-	8,676,309	7,370,309
Payable for post employment benefits, other than pensions	-	-	-	-	6,680,301	-	-	6,680,301	4,738,949
Total liabilities	15,461,223	607,119	169,145,007	28,778,965	32,871,432	2,842,215	31,940,474	281,646,433	282,786,969
FUND NET ASSETS:									
Capital assets, net of related debt	(1,028,770)	272,273	48,585,723	6,121,706	-	-	4,192,586	58,143,518	51,444,108
Restricted for capital projects	-	-	4,326,550	-	-	-	-	4,326,550	6,233,211
Unrestricted	(1,028,770)	483,845	60,027,960	14,086,230	98,188,845	-	12,988,215	185,775,094	171,853,168
Fund net assets	756,118	756,118	112,940,232	20,207,935	98,188,845	-	17,180,800	248,245,162	229,530,487
Total liabilities and fund net assets	\$ 14,432,453	\$ 1,363,237	\$ 282,085,239	\$ 48,986,901	\$ 131,060,277	\$ 2,842,215	\$ 49,121,274	\$ 529,891,597	\$ 512,317,456

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY

Schedule 1
Page 2 of 2

Combining Statements of Revenues, Expenses, and Changes in Fund Net assets
For the Years Ended March 31, 2011 and 2010

	Funds Under Trust Indenture		Funds Not Under Trust Indenture	Red Light Camera Enforcement	On-Street Parking	Combined Totals	
	May 27, 1999	December 10, 2009*				March 31, 2011	March 31, 2010
Operating revenues	\$ 357,415	\$ 62,542,791	\$ 31,514,304	\$ 13,725,941	\$ 114,524,818	\$ 222,665,270	\$ 212,985,321
Operating expenses:							
Direct operating expenses	100,793	16,747,508	17,495,675	5,233,425	58,834,552	98,411,953	94,096,615
Administrative expenses	49,187	2,915,601	4,838,542	838,263	9,720,657	18,362,250	18,274,621
Expense to the City/School District of Philadelphia	(955,964)	27,934,270	2,118,145	-	41,784,637	70,881,088	64,204,545
Expense to the Pennsylvania Department of Transportation	-	-	-	7,645,683	-	7,645,683	5,496,647
Total operating expenses	(805,984)	47,597,378	24,452,363	13,717,372	110,339,845	195,300,975	182,072,428
Operating income	1,163,399	14,945,413	7,061,941	8,570	4,184,973	27,364,296	30,912,893
Nonoperating revenues (expenses):							
Investment income	173,417	1,511,539	285,110	2,538	12,979	1,985,582	3,217,931
Interest expense	(793,434)	(9,364,178)	(187,201)	(11,108)	(281,405)	(10,637,327)	(11,571,907)
Loss on writedown of software costs	-	-	-	-	-	-	(593,625)
Total nonoperating revenues (expenses)	(620,017)	(7,852,639)	97,909	(8,570)	(268,427)	(8,651,744)	(8,947,601)
Increase in fund net assets before transfers	543,382	7,092,774	7,159,850	-	3,916,546	18,712,551	21,965,292
Operating transfers							
Interfund transfers in (out)	-	-	(1,577,875)	-	1,577,875	-	-
Total operating transfers in (out)	-	-	(1,577,875)	-	1,577,875	-	-
Increase (decrease) in fund net assets after transfers	543,382	7,092,774	5,581,975	-	5,494,421	18,712,551	21,965,292
Fund net assets, beginning of year	(816,034)	126,055,394	92,606,871	-	11,686,379	229,530,487	207,565,196
Fund net assets, end of the year	\$ (272,652)	\$ 133,148,168	\$ 98,188,845	-	\$ 17,180,800	\$ 248,243,038	\$ 229,530,487

* 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 Balance Sheet

March 31, 2011

Schedule 2

Page 1 of 2

	Construction Fund	Revenue Fund	Bond Fund		Bond Reserve Fund	Rebate Fund	Combined Totals 2011	Combined Totals 2010
			Interest	Principal				
Assets								
Current Assets:								
Cash and cash equivalents	\$ -	\$ 879,151	\$ -	\$ -	\$ -	\$ -	\$ 879,151	\$ 691,942
Investments	102,156	42,617	-	-	3,220,181	28,145	3,393,101	3,396,074
Accrued Interest Receivable	17	14,202	-	-	14,196	5	28,419	28,420
Total current assets	102,174	935,970	-	-	3,234,377	28,150	4,300,671	4,116,436
Property and equipment:								
Parking Facilities	-	-	-	-	-	-	-	-
Land	11,025,129	-	-	-	-	-	11,025,129	11,025,129
Improvements, Equipment & Furniture	-	469,890	-	-	-	-	469,890	439,610
Total assets	\$ 11,127,302	\$ 1,405,861	\$ -	\$ -	\$ 3,234,377	\$ 28,150	\$ 15,795,690	\$ 15,581,175
Liabilities and Fund Net Assets								
Current Liabilities:								
Current portion of revenue bonds	\$ 545,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 545,000	\$ 520,000
Accrued interest payable	-	96,223	-	-	-	-	96,223	102,109
Accounts payable and accrued expenses	-	24,194	-	-	-	-	24,194	41,660
Due to (from) Other Funds	-	582,925	-	-	-	-	582,925	368,440
Total current liabilities	545,000	703,342	-	-	-	-	1,248,341	1,032,209
Revenue bonds payable	14,820,000	-	-	-	-	-	14,820,000	15,365,000
Total liabilities	15,365,000	703,342	-	-	-	-	16,068,341	16,397,209
Fund Net Assets								
Capital assets, net of related debt	(4,237,698)	218,674	-	-	3,234,377	28,150	(756,496)	(1,112,071)
Restricted for capital projects	-	-	-	-	-	-	-	-
Unrestricted	-	483,845	-	-	-	-	483,845	296,037
Total Fund Net Assets	(4,237,698)	702,519	-	-	3,234,377	28,150	(272,652)	(816,034)
Total Liabilities and Fund Net Assets	\$ 11,127,302	\$ 1,405,861	\$ -	\$ -	\$ 3,234,377	\$ 28,150	\$ 15,795,690	\$ 15,581,175

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY

Trust Indenture of May 27, 1999

Combining Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended March 31, 2011 and 2010

Schedule 2
Page 2 of 2

	Construction Fund	Revenue Fund	Bond Fund		Bond Reserve Fund	Rebate Fund	Combined Totals 2011	Combined Totals 2010
			Interest	Principal				
Operating revenue:								
Parking revenues	-	\$ 357,415	\$ -	\$ -	\$ -	\$ -	\$ 357,415	\$ 315,061
Parking rental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Operating revenue	-	357,415	-	-	-	-	357,415	315,061
Operating expenses:								
Direct operating expenses	-	100,793	-	-	-	-	100,793	142,561
Administrative and other expenses	-	49,187	-	-	-	-	49,187	54,312
Expense to the City of Philadelphia	-	(955,964)	-	-	-	-	(955,964)	(1,023,632)
Total operating expenses	-	(805,984)	-	-	-	-	(805,984)	(826,759)
Operating Income	-	1,163,399	-	-	-	-	1,163,399	1,141,820
Nonoperating revenue (expense):								
Investment income	102	173,287	-	-	-	28	173,417	170,852
Interest expense	-	(793,434)	-	-	-	-	(793,434)	(817,519)
Total nonoperating revenue (expense)	102	(620,147)	-	-	-	28	(620,017)	(646,667)
Income (loss) before transfers	102	543,251	-	-	-	28	543,382	495,153
Operating transfers in (out)								
Interfund transfers in (out)	(103)	103	-	-	-	-	-	-
Transfer interest earned to revenue fund	-	-	-	-	-	-	-	-
Debt service	520,000	(520,000)	-	-	-	-	-	-
Total operating transfers in (out)	519,897	(519,897)	-	-	-	-	-	-
Change in net assets	-	519,999	-	-	-	28	543,382	495,153
Fund net assets - beginning of year	-	(4,757,697)	-	-	3,234,377	28,122	(816,034)	(1,311,187)
Fund net assets - end of year	-	\$ 702,519	\$ -	\$ -	\$ 3,234,377	\$ 28,150	\$ (272,652)	\$ (816,034)

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY
Trust Indenture of December 10, 2009 and September 5, 2008
Philadelphia International Airport Facility
Combining Balance Sheet
March 31, 2011

	Construction Fund	Revenue Fund	Debt Service Fund		Bond Reserve Fund	Maintenance Fund	Bond Redemption & Improvement Fund		Rebate & Escrow Fund	Combined Totals 2011	Combined Totals 2010
			Principal	Interest							
Assets											
Current Assets											
Cash and cash equivalents	\$ -	\$ 3,916,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,916,201	\$ 7,695,227
Investments	9,517	34,386,483	5,645,668	-	15,957,959	4,826,431	4,106,120	106	64,932,283	61,880,579	
Accrued Interest Receivable	-	119,347	20,272	-	-	28,107	27,603	-	195,328	209,459	
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	
Total Current Assets	9,517	38,422,030	5,665,939	-	15,957,959	4,854,537	4,133,723	106	69,043,812	69,785,265	
Property and equipment											
Parking Facilities	228,278,312	-	-	22,927,109	-	-	258,037	-	251,463,458	249,751,930	
Improvements, Equip., & Furniture	-	10,564,870	-	-	-	-	-	-	10,564,870	8,457,130	
Total Assets	\$ 228,287,829	\$ 48,986,901	\$ 5,665,939	\$ 22,927,109	\$ 15,957,959	\$ 4,854,537	\$ 4,391,760	\$ 106	\$ 331,072,140	\$ 327,994,325	
Liabilities and Fund Net Assets											
Current Liabilities											
Current portion of revenue bonds	\$ 7,440,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,440,000	\$ 6,915,000
Current portion of notes payable	2,000,108	-	-	-	-	-	-	-	2,000,108	2,000,108	
Accrued interest payable	-	-	544,613	166,213	-	-	-	-	710,825	729,960	
Accounts payable and accrued expenses	-	2,427,353	-	-	-	-	-	-	2,427,353	2,128,743	
Due to (from) City of Philadelphia	-	24,598,206	-	-	-	-	-	-	24,598,206	20,396,559	
Due to (from) Other Funds	-	1,753,406	-	-	-	-	-	-	1,753,406	1,961,939	
Total Current Liabilities	9,440,108	28,778,965	544,613	166,213	-	-	-	-	38,929,899	34,132,309	
Revenue bonds payable	162,770,000	-	-	-	-	-	-	-	162,770,000	170,210,000	
Deferred refunding	(7,273,797)	-	-	-	-	-	-	-	(7,273,797)	(7,901,359)	
Notes payable	3,497,870	-	-	-	-	-	-	-	3,497,870	5,497,978	
Total Liabilities	168,434,181	28,778,965	544,613	166,213	-	-	-	-	197,923,972	201,938,928	
Fund Net Assets											
Capital assets, net of related debt		5,985,110	5,121,327	22,760,897	15,957,959	527,988	4,354,043	106	54,707,429	51,025,292	
Restricted for capital projects		-	-	-	-	4,326,550	-	-	4,326,550	6,233,211	
Unrestricted	59,853,647	14,222,825	-	-	-	-	37,717	-	74,114,189	68,796,895	
Total Fund Net Assets	59,853,647	20,207,936	5,121,327	22,760,897	15,957,959	4,854,537	4,391,760	106	133,148,168	126,055,397	
Total Liabilities and Fund Net Assets	\$ 228,287,829	\$ 48,986,901	\$ 5,665,939	\$ 22,927,109	\$ 15,957,959	\$ 4,854,537	\$ 4,391,760	\$ 106	\$ 331,072,140	\$ 327,994,325	

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY
Trust Indenture of December 10, 2009 and September 5, 2008
Philadelphia International Airport Facility
Combining Statements of Revenues, Expenses and Changes in Fund Net Assets
For the Years Ended March 31, 2011 and 2010

	Construction Fund	Revenue Fund	Debt Service Fund		Interest	Bond Reserve Fund	Maintenance Fund	Bond Redemption & Improvement Fund		Settlement Fund	Rebate & Escrow Fund	Combined Totals 2011	Combined Totals 2010
			Principal	Interest				Fund	Fund				
Operating revenues,													
Parking revenues		\$ 62,542,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,542,791	\$ 61,251,083
Total operating revenues		\$ 62,542,791	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,542,791	\$ 61,251,083
Operating expenses:													
Direct operating expenses		16,747,508	-	-	-	-	-	-	-	-	-	16,747,508	17,016,536
Administrative and other expenses		2,915,601	-	-	-	-	-	-	-	-	-	2,915,601	3,006,404
Expense to the City of Philadelphia		27,934,270	-	-	-	-	-	-	-	-	-	27,934,270	21,758,443
Total operating expenses		47,597,378	-	-	-	-	-	-	-	-	-	47,597,378	41,781,384
Operating Income		14,945,413	-	-	-	-	-	-	-	-	-	14,945,413	19,469,700
Nonoperating revenue (expense)													
Investment income	(24,220)	1,160,355	136,820	167	167	1,526	122,752	114,138	-	-	-	1,511,539	2,424,726
Interest expense	(565,402)	(8,798,776)	-	-	-	-	-	-	-	-	-	(9,364,178)	(10,230,907)
Writedown of net assets													
Total nonoperating revenue (expense)	(589,622)	(7,638,421)	136,820	167	167	1,526	122,752	114,138	-	-	-	(7,852,639)	(7,806,181)
Income (loss) before transfers	(589,622)	7,306,992	136,820	167	167	1,526	122,752	114,138	-	-	-	7,092,774	11,663,519
Operating transfers in (out)													
Interest earned													
Interfund transfers in (out)	6,645,556	(2,098,236)	2,124,749	21,774	21,774	-	(2,048,392)	(4,644,452)	-	-	(999)	-	(32,076)
Debt Service	6,915,000	(6,915,000)	-	-	-	-	-	-	-	-	-	-	-
Total operating transfers in (out)	13,560,556	(9,013,236)	2,124,749	21,774	21,774	-	(2,048,392)	(4,644,452)	-	-	(999)	-	(32,076)
Change in net assets	12,970,933	(1,706,244)	2,261,569	21,943	21,943	1,526	(1,925,640)	(4,530,314)	-	-	(999)	7,092,774	11,631,443
Fund Net Assets - beginning of year	46,882,714	21,914,178	2,859,758	22,738,955	22,738,955	15,956,433	6,780,177	8,922,074	-	-	1,105	126,055,394	114,423,951
Fund Net Assets - end of year	\$ 59,853,647	\$ 20,207,936	\$ 5,121,327	\$ 22,760,897	\$ 22,760,897	\$ 15,957,959	\$ 4,854,537	\$ 4,391,760	\$ -	\$ -	\$ 106	\$ 133,148,168	\$ 126,055,394

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY
Trust Indenture of December 10, 2009 and September 5, 2008
Philadelphia International Airport Facility
Schedule of Direct Operating Expenses
For the Years Ended March 31, 2011 and 2010

Schedule 4
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	2011	2010
Salaries and wages	\$ 7,233,349	\$ 7,599,331
Pension plan expense	1,013,170	1,312,808
	8,246,519	8,912,139
Employees' benefits	3,345,221	2,952,881
Payroll taxes	547,618	576,349
	12,139,357	12,441,369
Professional fees	171,965	355,969
Utilities	277,914	332,301
Miscellaneous and office expenses	2,443,948	2,591,421
Repairs and maintenance	941,721	482,448
Insurance	538,300	560,529
Auto expenses	84,808	63,226
Supplies and tickets	59,976	82,027
Telephone	11,386	19,509
Equipment expenses	78,133	87,737
Total direct operating expenses	\$ 16,747,508	\$ 17,016,536

THE PHILADELPHIA PARKING AUTHORITY
Reformatted Statements of Net Assets
As of March 31, 2011 and 2010 (in thousands)

	2011	2010
ASSETS:		
Cash and cash equivalents on deposit and on hand	\$ 76,917	\$ 67,297
Investments - short term	90,457	90,800
Accounts receivable	974	944
Other current assets	485	570
Deposits	452	1,282
Restricted cash	2,643	2,733
Capital assets, net	207,418	212,725
Total assets	379,346	376,351
 LIABILITIES:		
Accounts payable and accrued expenses	15,375	15,497
Accrued interest payable	807	832
Deferred revenue	2,643	2,733
Due to the City /School District of Phila.	49,924	41,395
Due to the Penna.Dept of Transportation	2,355	1,705
Current portion of notes payable	5,290	6,131
Current portion of other long-term obligations	7,985	7,435
Non-current portion of notes payable	11,595	17,276
Non-current portion of other long-term obligations	177,590	185,575
Unamortized loss and discount related to long-term obligation	(7,274)	(7,901)
Accrued claims payable	8,676	7,370
Payable for post-employment benefits, other than pensions	6,680	4,739
Total liabilities	281,646	282,787
 FUND NET ASSETS	 \$ 97,700	 \$ 93,564

THE PHILADELPHIA PARKING AUTHORITY*Reformatted Statements of Activities**For the Years Ended March 31, 2011 and 2010 (in thousands)*

	<u>2011</u>	<u>2010</u>
EXPENSES:		
Operating expenses	\$ 98,412	\$ 94,097
Expense to the City/School District of Philadelphia	70,881	64,205
Expense to the Penna Dept.of Transportation	7,646	5,497
Interest on long-term debt	10,635	11,572
Loss on writedown of software costs	-	593
Administrative expenses	18,362	18,275
Depreciation & amortization expense	14,579	11,635
Total expenses	<u>220,514</u>	<u>205,874</u>
 PROGRAM REVENUES:		
Charges for services	<u>222,665</u>	<u>212,985</u>
 Net program revenues	2,151	7,111
 GENERAL REVENUES:		
Interest and investment earnings	1,986	3,218
 Increase in net assets	<u>4,136</u>	<u>10,329</u>
 Net assets, beginning of year	<u>93,564</u>	<u>83,235</u>
 Net assets, end of year	<u>\$ 97,700</u>	<u>\$ 93,564</u>