

**THE PHILADELPHIA
PARKING AUTHORITY**

Financial Statements,
Required Supplementary Information
And Other Financial Information
For the Years Ended
March 31, 2014 and 2013
&
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 (the "Authority") is presented to provide an introduction and understanding of the financial statements for the year ended March 31, 2014 as compared to the year end March 31, 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

BACKGROUND INFORMATION ON THE PHILADELPHIA PARKING AUTHORITY

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

In 1950, the Authority's primary mission was to respond to the increasing demand for parking in the central business district of Philadelphia. In the early years of the Authority's operation its primary concentration was on the development and operation of off-street parking facilities. The City of Philadelphia's first parking garage was constructed in 1964 at 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 (the "Airport"). Pursuant to those contracts, the Authority, on several occasions over the past thirty years, issued revenue bonds for the construction and renovation of the public parking facilities at the Airport. The Authority owned and managed facilities now have 18,967 spaces, including 11,011 garage spaces, 839 short term garage spaces, and 7,117 economy lot spaces. Pursuant to the current lease and contract for parking services, the Authority pays all net parking revenue to the City of Philadelphia, Division of Aviation (DOA).

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Until the early 1980's, the Authority concentrated exclusively on the construction and management of off-street parking facilities. In addition to the Airport facilities, the Authority owns and/or operates nine facilities in Center City with approximately 5,902 spaces. While Authority parking facilities represent only a small share of public parking in the city, they play an important role in stabilizing prices and encouraging an adequate supply of short-term parking for shoppers and other visitors. The Authority also manages over 45 neighborhood parking lots under an Agreement with the City of Philadelphia.

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

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

The Authority's role in improving traffic safety expanded in fiscal year 2001, when the City Managing Director requested the Authority be the exclusive towing and impoundment agent for the Live Stop Program, authorized by Act 93 of 1996 of the General Assembly. That program requires the impoundment of vehicles which are found to be unregistered or operated by an unlicensed driver during a police stop. Subsequent Acts of the Legislature codified the Authority's role as the towing and impoundment agent, established a surcharge on moving violations issued in the City of Philadelphia to support the program, and separated revenue generated by the program from those of the On-Street Parking operation. In addition, the Authority has responsibility for impounding unsafe trucks operating on the City's highways at the request of City police. Additionally, during fiscal year 2008, the Authority contracted with the Pennsylvania State Police to assist in the removal of abandoned and/or inoperable vehicles from the City's three interstate highways (I-95, I-76, and I-676).

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

In 2012, the General Assembly authorized the continuation of the pilot program of Red Light Photo Enforcement until June 30, 2017, through Act 84 of 2012. The legislation continued the Authority's status as the administrator of the program in cooperation with the City of Philadelphia and the Pennsylvania Department of Transportation. Similar to the Live Stop Program, the Red Light Photo Enforcement Program is another tool for the Authority to address fundamental Life Safety issues in the City. This program saves lives and reduces property damage by assisting in reducing the number of red light related traffic accidents. Through improved traffic safety, it can also be used to make a stronger case for further insurance rate reductions. To date, 115 cameras have been installed monitoring 27 intersections.

In keeping with the Authority's expanded mission to provide comprehensive parking and transportation services in the City of Philadelphia, regulatory responsibility for Philadelphia's taxicab and limousine industries was vested with the Authority pursuant to Act 94 of 2004. The transfer of responsibility came after years of complaints of substandard service. The Taxicab and Limousine Division ("TLD") is modeled after the standard administrative agency design. TLD promulgates regulations as a commonwealth agency and is responsible for the registration of companies, vehicles, drivers and dispatchers as well as enforcement of the regulations and collection of fees and fines for violations. Consistent with the Authority's overall mission, the staff has concentrated on improving public service, including frequent and more comprehensive vehicle inspections, driver training, consistent enforcement, better public information, and implementing other policies to provide a positive experience for people using the system. Act 64 of 2013 amended the manner in which the Authority's taxicab and limousine budget is authorized. The budget will now proceed in the manner of most other state agencies and be a part of the commonwealth's overall budget.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

During fiscal year 2014, a long planned renovation of the parking garage at 8th & Filbert Streets began. When completed, the facility will have new facades, completely renovated retail spaces, as well as streetscape improvements. Most importantly, structural issues will be addressed and concrete restoration completed to insure the integrity of the structure.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The *Statement of Net Position* presents information on the Authority's assets, deferred outflows, liabilities, and deferred inflows. Assets are classified as either current assets (cash, investments, and amounts expected to be received within one year) or non-current assets (restricted cash and investments, property & equipment); liabilities are classified as either current (expected to be paid within one year) or non-current (expected to be paid after March 31, 2015). The difference between the total assets and deferred outflows and the total liabilities and deferred inflows is reported as net position.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents revenues earned and expenses incurred for the current fiscal year. The difference between revenues and expenses results in an increase or decrease in net position. The ending balance of net position resulting from this increase or decrease is reflected on the Statement of Net Position.

The *Statement of Cash Flows* is presented under the direct method, which presents the actual inflow and outflow of cash by category during the fiscal year. The resulting ending cash balance is reflected on the Statement of Net Position.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

FINANCIAL ANALYSIS

The following table compares the condensed Statement of Net Position as of March 31, 2014 and 2013:

	March 31, 2014 (in thousands)	March 31, 2013 (in thousands)	Increase (Decrease) (in thousands)	% Increase (Decrease) (rounded)
Current Assets	\$ 83,090	\$ 83,950	\$ (860)	-1%
Property and Equipment, net	170,994	179,999	(9,005)	-5%
Other Assets	94,468	94,555	(87)	0%
Total Assets	<u>348,552</u>	<u>358,504</u>	<u>(9,952)</u>	-3%
Deferred Outflows	<u>5,425</u>	<u>6,043</u>	<u>(618)</u>	-10%
Current Liabilities	73,385	76,542	(3,157)	-4%
Non-Current Liabilities	162,632	176,397	(13,765)	-8%
Total Liabilities	<u>236,017</u>	<u>252,939</u>	<u>(16,922)</u>	-7%
Deferred Inflows	<u>641</u>	<u>1,348</u>	<u>(707)</u>	-52%
Net Position:				
Net investment in capital assets	61,413	55,280	6,133	11%
Restricted for capital projects	2,456	2,434	22	1%
Unrestricted	53,450	52,546	904	2%
Net Position	<u>\$ 117,319</u>	<u>\$ 110,260</u>	<u>\$ 7,059</u>	6%

- Current assets decreased approximately \$.9 million, principally resulting from the decrease in operating revenues.
- Property and equipment decreased a net amount of approximately \$9 million due to capital asset additions of \$6.4 million offset by depreciation and amortization expense of \$15.4 million.
- Deferred outflows decreased approximately \$.6 million due to the amount on refunding of bond in previous years being amortized over the life of the new bonds. This balance is expected to decrease each year as the bonds payable balance decreases.
- As of March 31, 2014, the amount due to the City of Philadelphia included in Current Liabilities is \$40.9 million. The total due to the City includes \$22.4 million that was due to the Philadelphia Division of Aviation for fiscal year 2014, and \$9.7 million which will be remitted to the School District of Philadelphia pursuant to the Act 9 of 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Total remaining amounts due to the City/School District of Philadelphia as of March 31, 2014 and 2013 are as follows:

	March 31, 2014 (in thousands)	March 31, 2013 (in thousands)
	<u> </u>	<u> </u>
On-Street Operation - City	\$ 6,038	\$ 3,699
On-Street Operation - School District	9,723	13,264
City of Philadelphia, Division of Aviation	22,449	22,700
JFK Garage	1,833	1,934
Independence Mall	923	888
Disney Quest	(64)	885
	<u> </u>	<u> </u>
Total	<u>\$ 40,902</u>	<u>\$ 43,370</u>

- Deferred inflows decreased approximately \$.7 million due to the funding allocated to the deficit of the Taxicab Division operations and the recapture of costs that had been paid for by the general operations of the Authority and then the balance due forgiven. In fiscal year 2014, the Authority received approval to apply these costs against the funds to be applied to Taxicab operation deficits.
- Net position increased approximately \$7.1 million, mostly related to the net position restricted for investment in capital assets. The excess of revenue over expenses generated by both the Authority's On-Street and Airport Parking activities is turned over to the City and School District of Philadelphia and the City's Division of Aviation, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The following table compares the amounts of the Statement of Revenues, Expenses, and Change in Net Position for the fiscal years ending March 31, 2014 and 2013:

	March 31, 2014 (in thousands)	March 31, 2013 (in thousands)	Increase (Decrease) (in thousands)	% Increase (Decrease) (rounded)
Operating revenues	\$ 233,708	\$ 240,197	\$ (6,489)	-3%
Operating expenses				
Direct operating expenses	103,116	103,393	(277)	0%
Administrative expenses	22,508	19,920	2,588	13%
Expense to the City and School District	71,272	75,894	(4,622)	-6%
Expense to the PA Dept of Transportation	7,132	9,573	(2,441)	-25%
Depreciation and amortization	15,381	16,224	(843)	-5%
Total operating expenses	219,409	225,004	(5,595)	-2%
Operating income	14,299	15,193	(894)	-6%
Non-operating revenues, Investment income	1,125	1,548	(423)	-27%
Non-operating expenses, Interest expense	(8,366)	(8,937)	571	-6%
Increase in net position	7,058	7,804	(746)	-10%
Net position, beginning of the year	110,261	102,457	7,804	8%
Net position, end of the year	\$ 117,319	\$ 110,261	\$ 7,058	6%

- Operating revenues decreased \$6.5 million from the prior fiscal year due to the following factors:
 - Meter and ticket revenue having decreased approximately \$2.1 million due to suspended metering, which impacts the number of tickets issued related to meter violations, for 10 days in fiscal year 2014 due to severe weather, compared to no suspended metering in 2013.
 - Red Light Camera ticketing revenue decreased approximately \$1.7 million primarily due to a one time increase in revenue in fiscal year 2013 related to improvements in billing that were not repeated in fiscal year 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

- There was a decrease in the Gateway 16th & Vine Management Fee of approximately \$2.8 million due to a onetime refinancing event in fiscal year 2013 that resulted in a payout to the Authority that did not occur in fiscal year 2014.
- There was an increase in Airport Transient revenue of approximately \$.6 million, which offset some of these decreases, due to improvements in the long term parking facilities and services.

- Direct operating expenses decreased approximately \$0.3 million from the prior year based primarily on the following factors:
 - The Authority made a payment that passed on a portion of the proceeds related to the Gateway 16th & Vine Management Fee refinancing in fiscal year 2013, noted above, to the Commonwealth of Pennsylvania that did not occur in fiscal year 2014, resulting in a decrease in expenses of approximately \$1.4 million.
 - There was a change in the range used in determination of the insurance liability resulting in a reduction of the current year insurance expense of approximately \$5.3 million. After analyzing the Authority's recent experience and claims payment patterns, the insurance reserve requirement was established at \$6.9 million.
 - These decreases in expenses were partially offset with increases in payroll and related expenses of approximately \$5.8 million related to pay rate increases and bonuses as a result of the renegotiation of several union contracts, additional overtime incurred related to the relocation of the headquarters facility, and increases to pension contribution rates.

- Administrative Expenses increased by approximately \$2.6 million primarily due to increases in salaries and pension costs.

- Expense to the City and School District decreased by approximately \$4.6 million from the prior fiscal year primarily due to the decreased revenues in fiscal year 2014, as noted above.

- Expense to the Pennsylvania Department of Transportation decreased approximately \$2.4 million from the prior year due to the decreased Red Light Camera ticketing revenues in fiscal year 2014, as noted above.

- Depreciation & amortization expense decreased \$.8 million from the prior fiscal year mainly due to the aging of existing assets and estimated useful lives.

- Investment income decreased \$.4 million due to market interest rates and principal invested.

- Interest expense decreased \$.6 million from the prior year due to the decrease in bond interest amortization expense and due to the reduction in debt as a result of 2 notes being paid off in fiscal year 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

- The Authority is required to report its liability for post employment retirement benefits. Per an actuarial study, the liability at March 31, 2014 was estimated at \$9.5 million.

Total expense to City and School District of Philadelphia and to the Pennsylvania Department of Transportation for the year ended March 31, 2014 and 2013 are as follows:

	FY 2014 (in thousands)	FY 2013 (in thousands)
On-Street (including both City & School District of Philadelphia)	\$ 46,433	\$ 50,696
City of Philadelphia, Division of Aviation	23,688	24,027
Pennsylvania Department of Transportation	7,132	9,573
Off-Street	1,151	1,171
Totals	<u>\$ 78,404</u>	<u>\$ 85,467</u>

The City and School District of Philadelphia receive payment from the Authority based upon the terms of the Agreement of Cooperation (as amended by Act 9) for the On-Street Parking operations based on the total revenue received from tickets, meters, towing, storage, booting, auctions, and other related revenue less direct expenses, an allocation of support costs (excluding depreciation) and capital assets purchased during the fiscal year.

In addition to the net revenue payments from operations, the Authority collected and remitted to the City of Philadelphia \$16.5 million for fiscal year 2014 and \$17.2 million for fiscal year 2013 in Parking Privilege Tax.

The Authority also paid to the National Park Service (Department of the Interior) \$839,239 under its recently negotiated lease renewal for the parking garage at 2nd & Sansom.

Governmental Accounting Standards Board Statement No. 34 ("GASB 34") requires capital purchases to be recorded as assets in the financial statements. A reconciliation is necessary to determine the cash amount to be paid to the City/School District of Philadelphia, since the amount due to the City as recorded on the operating statement may be higher than the cash available, especially if there were capital assets purchased during the year. After deducting cash spent on capital asset purchases, the payment to the City, including the School District, from the On-Street Programs was \$46.4 million in fiscal year 2014 and \$50.7 million in fiscal year 2013.

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, 2014 was \$23.7 million, a decrease of almost \$.3 million from the prior year.

Since the Disney Quest project at 8th & Chestnut Streets has not been completed, the debt service for its bond issue (1999A Indenture) usually exceeds the revenue generated from its present parking facility. The City of Philadelphia guarantees this bond issue. During fiscal year 2014, the 1999A indenture (i.e., the parking lot at 8th & Chestnut Streets) did operate at a deficit. The City provided almost \$.3 million to cover debt service payments during fiscal year 2014. As of March 31, 2014, the City of Philadelphia has provided slightly over \$11.4 million in funds in its role as guarantor of these bonds. The 1999A Indenture provides for the Authority to repay the City for any funds paid by the City as a result of its guarantee. The Authority would repay these funds if the facility becomes profitable.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The following factors were taken into consideration in preparing the Authority’s budget for the fiscal year ending March 31, 2015:

- During fiscal year 2014, a long planned renovation of the parking garage at 8th & Filbert Streets began. When completed, the facility will have new facades, completely renovated retail spaces as well as streetscape improvements. Most importantly, structural issues will be addressed and concrete restoration completed to insure the integrity of the structure. This project will continue into 2015.
- The Authority assumed self management of the 8th & Filbert Streets garage in February 2010, after many years during which the facility was leased to a private operator. The facility was in need of significant repair and upgrade. The Engineering and Design department completed a comprehensive review of the facility and embarked on a public process for façade improvements and major system upgrades. The first phase included partial renovation to accommodate the Authority’s vehicles in the garage and situating the Authority’s customer service center in one of the retail locations on 8th Street. Complete renovation of the facility is expected to be completed in eighteen months.
- Capital projects for the 2015 fiscal year total just under \$69.6 million. Major capital funding for garage repairs are as follows: 10th & Ludlow Garage \$10.5 million, Market Street East garage \$3.5 million, Independence Mall garage \$6.8 million, 8th & Filbert garage \$18.0 million, 2nd & Sansom garage \$8.9 million and the Airport, \$20.0 million. Additional capital outlays are budgeted for vehicles and communication equipment totaling \$1.9 million dollars.
- Airport revenue is expected to remain the same based upon current economic factors.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

- During fiscal year 2014, long unresolved agreements were reached with all the Authority's labor unions. Under these agreements, modest cost of living adjustments were added and work rule changes were approved to improve operating efficiency.
- In December 2013, Requests for Proposals were received for vendors to provide Red Light Photo Enforcement. A new contract was awarded to Xerox to provide those services and will be implemented in the summer of 2014.
- The City of Philadelphia solicited proposals for the sale of the JFK Plaza garage, and as a result the garage was sold on July 26, 2014.

SUBSEQUENT EVENTS

JFK Garage was sold by the City of Philadelphia on June 26th, 2014. That date was the last date that the Philadelphia Parking Authority was involved in the operations of the garage.

Family Court Garage will be opening in July or August of 2014. The location of the garage is 15th & Arch Streets in Philadelphia. The garage has 265 spaces.

In July 2014, The Philadelphia Parking Authority paid off the outstanding loan payable to TD Bank. The original amount of the note was \$6,000,000.

REQUESTS FOR INFORMATION

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

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Philadelphia Parking Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of The Philadelphia Parking Authority (the "Authority"), which comprise the statement of net position as of March 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages i through xi and the Schedule of Funding Progress for Postemployment Benefit Plan on page 29 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The schedules at pages 30-38 are presented for purposes of additional analysis and are not a required part of the financial statements. The other information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Philadelphia, Pennsylvania
August 27, 2014

THE PHILADELPHIA PARKING AUTHORITY

Statement of Net Position

March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS:		
Cash and cash equivalents	\$ 66,418,252	\$ 69,077,112
Investments	15,639,299	13,654,940
Accrued interest receivable	207,020	226,439
Accounts receivable	712,027	970,038
Prepaid expenses	113,508	21,683
Total current assets	<u>83,090,106</u>	<u>83,950,212</u>
Restricted cash and investments	94,468,198	94,555,035
Property and equipment:		
Parking facilities	294,186,368	293,773,698
Land	15,254,524	15,254,524
Improvements, equipment and furniture	59,222,910	53,259,530
Lease acquisition costs	589,837	589,837
Less: accumulated depreciation	(198,259,385)	(182,878,197)
Total property and equipment	<u>170,994,254</u>	<u>179,999,392</u>
Total assets	<u>348,552,558</u>	<u>358,504,639</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	<u>5,424,953</u>	<u>6,042,941</u>
Total assets and deferred outflows	<u>\$ 353,977,511</u>	<u>\$ 364,547,580</u>
LIABILITIES:		
Accounts payable and accrued expenses	\$ 17,035,405	\$ 15,918,747
Accrued interest payable	680,754	727,597
Due to the City/ School District of Philadelphia	40,901,941	43,370,259
Due to the Pennsylvania Department of Transportation	2,857,096	1,561,751
Current portion of revenue bonds	11,425,000	10,970,000
Current portion of notes payable	484,569	3,994,001
Total current liabilities	<u>73,384,765</u>	<u>76,542,355</u>
Revenue bonds payable	144,675,000	156,100,000
Notes payable	1,537,345	1,932,558
Accrued claims payable	6,874,925	9,183,159
Payable for post retirement benefits, other than pensions	9,545,148	9,180,619
Total liabilities	<u>236,017,183</u>	<u>252,938,691</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred revenue	<u>641,320</u>	<u>1,348,320</u>
Total liabilities and deferred inflows	<u>236,658,503</u>	<u>254,287,011</u>
NET POSITION:		
Net investment in capital assets	61,412,846	55,280,162
Restricted	2,456,257	2,434,289
Unrestricted	53,449,905	52,546,118
Net position	<u>\$ 117,319,008</u>	<u>\$ 110,260,569</u>

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

THE PHILADELPHIA PARKING AUTHORITY
Statement of Revenues and Expenses and Changes in Net Position
For the Years Ended March 31, 2014 and 2013

	2014	2013
Operating revenues	\$ 233,708,372	\$ 240,196,920
Operating expenses:		
Direct operating expenses	103,116,234	103,393,258
Administrative expenses	22,508,368	19,920,411
Expense to the City/School District of Philadelphia	71,271,775	75,894,184
Expense to the Pennsylvania Department of Transportation	7,132,151	9,572,525
Depreciation and amortization expense	15,381,188	16,223,967
Total operating expenses	219,409,716	225,004,345
Operating income	14,298,656	15,192,575
Nonoperating revenues (expenses):		
Investment income	1,126,151	1,547,926
Interest expense	(8,366,368)	(8,936,628)
Total nonoperating revenues (expenses)	(7,240,217)	(7,388,702)
Change in net position	7,058,439	7,803,873
Net position, as restated, beginning of year	110,260,569	102,456,696
Net position, end of the year	\$ 117,319,008	\$ 110,260,569

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, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and others	\$ 233,805,919	\$ 240,846,331
Salaries and administrative costs paid to employees	(85,434,817)	(78,831,708)
Payments to suppliers for services	(41,166,839)	(44,050,140)
Payments to the City/ School District of Philadelphia	(73,637,885)	(76,695,860)
Payments to the Pennsylvania Department of Transportation	(5,836,806)	(8,800,000)
Net cash provided by operating activities	27,729,572	32,468,623
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property and equipment, net	(6,376,050)	(2,391,788)
Principal paid on revenue bonds and notes payable	(14,874,645)	(15,579,878)
Interest paid on revenue bonds and notes payable	(8,366,368)	(8,936,628)
Net cash used in financing activities	(29,617,063)	(26,908,294)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments, net	(1,984,356)	(2,196,583)
Investment income	1,126,151	1,547,926
Net cash provided by investing activities	(858,205)	(648,657)
Net increase (decrease) in cash and cash equivalents	(2,745,696)	4,911,672
Cash and cash equivalents, beginning of the year (including restricted cash of \$30,308,734)	99,385,846	94,474,174
Cash and cash equivalents, end of the year (including restricted cash of \$30,221,898)	\$ 96,640,150	\$ 99,385,846
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 14,298,656	\$ 15,192,575
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	15,381,188	16,223,967
Change in assets and liabilities:		
Accounts receivable	258,011	121,646
Prepaid expenses	(72,407)	219,257
Accounts payable and other accrued expenses	1,069,814	1,112,382
Deferred Revenue	(707,000)	(684,268)
Other liabilities	(1,325,717)	868,964
Due to the City/School District of Philadelphia	(2,468,318)	(1,358,425)
Due to the Pennsylvania Department of Transportation	1,295,345	772,525
Net cash provided by operating activities	\$ 27,729,572	\$ 32,468,623

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

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements March 31, 2014 and March 31, 2013

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 loan.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Authority are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. The statements of net position and statements of revenues, expenses and changes in net position include all fund activity of the Authority and other financial information has been provided to reflect Funds not under Trust Indenture and the Funds under Trust Indenture. Material balances and transactions among the funds have been eliminated.

Management's Use of Estimates

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

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements *March 31, 2014 and March 31, 2013*

Cash and Cash Equivalents

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

Investments

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

Deferred Outflows of Resources

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

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

Deferred Inflows of Resources

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

The Authority had received money from the Public Utility Commission for the transfer of regulatory authority of the Taxis and Limousines operating in Philadelphia with the balance to be used to fund operating deficits in later years. The Authority recognizes the inflow of these resources when a deficit is incurred. The balance of this deferred revenue was \$641,320 and \$1,348,320 as of March 31, 2014 and 2013, respectively.

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements *March 31, 2014 and March 31, 2013*

Net Position

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

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

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

Interest Capitalization

The Authority capitalizes related interest charges incurred and interest income during the development of its facilities. During the years ended March 31, 2014 and 2013 the Authority had no capitalized interest expense.

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

Property and Equipment, and Depreciation

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

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

THE PHILADELPHIA PARKING AUTHORITY

*Notes to Financial Statements
March 31, 2014 and March 31, 2013*

	Balance at March 31, 2012	Additions	Retirements	Balance at March 31, 2013
Land	\$ 15,254,524	\$ -	\$ -	\$ 15,254,524
Lease acquisition costs	589,837	-	-	589,837
Total property and equipment not being depreciated	<u>15,844,361</u>	-	-	<u>15,844,361</u>
Parking facilities	293,339,147	434,551	-	293,773,698
Improvements, equipment and furniture	51,302,293	2,839,865	(882,628)	53,259,530
Total property and equipment being depreciated	<u>344,641,440</u>	<u>3,274,416</u>	<u>(882,628)</u>	<u>347,033,228</u>
Total	<u>360,485,801</u>	<u>3,274,416</u>	<u>(882,628)</u>	<u>362,877,589</u>
<u>Less Accumulated Depreciation:</u>				
Parking facilities	133,253,790	8,764,766	-	142,018,556
Improvements, equipment and furniture	33,330,626	7,529,015	-	40,859,641
Total Accumulated Depreciation	<u>166,584,416</u>	<u>16,293,781</u>	-	<u>182,878,197</u>
Total property and equipment being depreciated, net	<u>178,057,024</u>	<u>(13,019,365)</u>	<u>(882,628)</u>	<u>164,155,031</u>
Property and equipment, net	<u>\$ 193,901,385</u>	<u>\$ (13,019,365)</u>	<u>\$ (882,628)</u>	<u>\$ 179,999,392</u>

Operating Revenues and Non-Operating Revenues

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

Administrative Expenses

Pursuant to an agreement with the City of Philadelphia, administrative expenses are allocated among the various facilities based principally upon the direct operating expenses of the applicable facility. Management believes this is a reasonable measure of the administrative effort required for each facility.

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements *March 31, 2014 and March 31, 2013*

Reclassification

Certain items on the 2013 financial statements have been reclassified to conform to the 2014 financial statement presentation.

Subsequent Events

Subsequent events were evaluated through August 27, 2014, the date the financial statements were available to be issued.

New Accounting Principles

The Authority has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, ("GASB No. 65") for the year ended March 31, 2014. GASB No. 65 provides financial reporting guidance related to the impact on the financial statements of deferred outflows of resources and deferred inflows of resources, such as changes in the use of the term deferred in financial statement presentations. In addition, this statement also amends the financial statement element classification of items previously reported as assets and liabilities to more consistently align with asset, liability, deferred outflows of resources, and deferred inflow of resources definitions. This Statement requires the effects be applied to the earliest period presented, therefore it was recorded to the net position balance as of April 1, 2012. The effect of this adoption on amounts reported in the March 31, 2013 financial statements were as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>
Parking facilities	\$ 295,234,268	\$ 293,773,698
Land	15,979,653	15,254,524
Net position as of April 1, 2012	(104,712,209)	(102,456,696)
Depreciation and Amortization	16,293,781	16,223,967

Management believes the effect of adoption is not material in relation to the financial statements.

In March 2012, GASB issued Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62* ("GASB 66"). The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The implementation of this Statement did not materially affect the financial reporting of the Authority for the year end.

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements *March 31, 2014 and March 31, 2013*

Recent Accounting Pronouncements Not Yet Effective

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

In March 2012, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB 69"). The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. It also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The Authority's management is in the process of evaluating, but has not yet determined how the adoption of GASB 69 will impact the Authority's financial statements. The Authority is required to adopt the provisions of GASB 69 for its March 2015 financial statements.

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

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

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

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.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. It is the Authority's policy to require that time deposits in excess of the Federal Deposit Insurance Corporation (the "FDIC") insurable limits be secured by collateral or private insurance to protect all deposits in a single financial institution if it were to default. Investments in United States government obligations are not subject to custodial credit risk.

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

	<u>2014</u>	<u>2013</u>
Cash on hand	\$ 98,232	\$ 120,561
Demand deposits	90,275,915	99,729,958
Cash equivalents	19,688,274	12,646,722
	<u> </u>	<u> </u>
Total cash and cash equivalents	<u>\$ 110,062,421</u>	<u>\$ 112,497,241</u>

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

At March 31, 2014 and 2013, the carrying amount of the Authority's demand deposits with financial institutions was \$90,275,915 and \$99,729,958, respectively, compared to bank balances of \$88,879,216 and \$100,754,820, 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, 2014 and 2013, \$1,750,000 of the Authority's bank balance was insured by the FDIC. The remaining balance of \$87,129,216 and \$99,004,820 at March 31, 2014 and 2013, respectively, is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above.

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

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority limits credit risk by requiring all fixed-income securities to have an A or better rating as determined by Moody's or generally accepted rating agencies. Obligations of the U.S. government or obligations explicitly guaranteed by the United States government are not considered a credit risk.

Concentration of credit risk is the risk of loss attributed to magnitude of the Authority's investment in a single issuer. The Authority's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the Authority to meet all anticipated cash requirements.

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

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

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

The carrying value (fair value) of the Authority's investments at March 31, 2013 is presented below:

	<u>Ratings</u>	<u>Average Duration</u>	<u>Fair Value</u>
Cash and cash equivalents	N/A	N/A	\$ 112,484,155
U.S. government treasury	Aaa	3.93	16,164,174
U.S. government fixed income	Aaa	11.70	24,659,330
Corporate fixed income	Aaa	1.35	4,802,814
Guaranteed investments contract	N/A	12.58	19,176,614
Total			<u>\$ 177,287,087</u>

(1) N/A - Not applicable

The Authority has no exposure to foreign currency risk.

4. BOND RESERVE FUNDS

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

<u>Trust Indenture</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
May 27, 1999	\$ 3,220,181	\$ 3,220,181
September 5, 2008	5,264,659	5,406,301
December 10, 2009	10,694,231	10,694,232

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 \$1,155,609 and \$1,164,262 as of March 31, 2014 and 2013, respectively, and is included as a reduction in the amount due to the City of Philadelphia on the statement of net position. The balances in the bond reserve funds noted above are included in restricted cash and investments on the statement of net position.

THE PHILADELPHIA PARKING AUTHORITY
Notes to Financial Statements
March 31, 2014 and March 31, 2013

Bond Issue	Issuance Date	Amount Issued	Maturity Date	Principal Outstanding March 31, 2014	Principal Outstanding March 31, 2013	Interest Rate	Sinking Fund Requirements	Purpose of Bond Issue
Parking System Revenue Bonds, Series 1999A	May 27, 1999	\$ 47,390,000	February 15, 2029	\$ 13,650,000	\$ 14,250,000	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	23,980,000	28,135,000	4.125% - 5.00%	Mandatory, beginning September 1, 2009 through 2018	Current refunding of February 6, 1997 bonds outstanding. To finance certain capital improvements to the Airport parking facilities.
Airport Parking Revenue Bonds, Series 2009	December 10, 2009	131,050,000	September 1, 2029	118,470,000	124,685,000	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.
Total revenue bonds outstanding				156,100,000	167,070,000			
Deferred amount on refunding				(5,424,953)	(6,042,941)			
Total revenue bonds outstanding net of deferred amount				\$ 150,675,047	\$ 161,027,059			

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements *March 31, 2014 and March 31, 2013*

5. REVENUE BONDS & NOTES PAYABLE

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 Net Position in 2002. These costs were previously capitalized as construction-in-progress on the statement of net position. During fiscal year 2003, \$27,200,000 of the remaining principal outstanding on the Bonds was defeased.

The City of Philadelphia guarantees this bond issue. During fiscal year 2014, the 1999A indenture (i.e., the parking lot at 8th & Chestnut Streets) did operate at a deficit. The City provided almost \$1.2 million to cover debt service payments during fiscal year 2013. As of March 31, 2014, the City of Philadelphia has provided slightly over \$11.4 million in funds in its role as guarantor of these bonds. The 1999A Indenture provides for the Authority to repay the City for any funds paid by the City as a result of its guarantee. In the event of a sale of the parking lot, any funds received in excess of the bond principal and accrued interest will be used to repay the City.

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

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 at a fixed rate of interest of 4.377%. The balance of the loan at March 31, 2013 was \$2,030,964. The loan was fully repaid during 2014 and there is no balance outstanding as of March 31, 2014.

On December 18, 2008 the Authority borrowed \$10,000,000 for concrete restoration at the Airport Garages. The \$10,000,000 was taken out in two five year term loans. The first was a bank qualified loan of \$8,845,275 with a floating interest rate not to go below 4.25%, based on a floating prime rate and in addition the Authority pays 70% of the prime rate which means a current rate of 2.975%. At March 31, 2013 the rate was 2.975%. The principal balance of this note payable at March 31, 2013 was \$1,325,013. 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, 2013 was \$172,750. Both of these loans were fully repaid during 2014 and there is no balance outstanding as of March 31, 2014.

On July 29, 2003, the Authority borrowed \$6,000,000 from a bank at a fixed rate of interest of 4.06%. The loan is due to mature on April 1, 2019. The Authority has used the proceeds for capital projects and acquisition of capital assets. The balance of the note payable at March 31, 2014 and 2013 is \$2,021,914 and \$2,397,832, respectively.

The aggregate annual principal and sinking fund payments of debt at March 31, 2014 are as follows:

Year Ending March 31,	Revenue Bonds		Notes Payable	
	Principal Amount	Interest Amount	Principal Amount	Interest Amount
2015	\$ 11,425,000	\$ 7,522,910	\$ 484,569	\$ 82,603
2016	11,970,000	6,961,181	504,512	62,660
2017	12,570,000	6,369,798	525,583	41,588
2018	13,200,000	5,727,679	507,250	21,383
2019	13,495,000	5,091,401	-	-
2020-2024	69,295,000	15,231,184	-	-
2025-2029	22,055,000	3,149,697	-	-
2030	2,090,000	53,556	-	-
	<u>\$ 156,100,000</u>	<u>\$ 50,107,406</u>	<u>\$ 2,021,914</u>	<u>\$ 208,234</u>

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

The following tables provide a summary of changes in revenue bonds outstanding and notes payable for the years ended March 31, 2014 and 2013:

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

	Balance at March 31, 2012	Proceeds	Bonds Refunded	Principal Repayments	Balance at March 31, 2013
Revenue Bonds					
Outstanding	\$ 177,590,000	\$ -	\$ -	\$ (10,520,000)	\$ 167,070,000
Notes Payable	\$ 10,986,436	\$ -	\$ -	\$ (5,059,877)	\$ 5,926,559

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

6. RESTRICTED NET ASSETS, CASH AND INVESTMENTS

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

Restricted Investments:	<u>2014</u>	<u>2013</u>
<u>Series of 1999A:</u>		
Bond reserve fund	\$ 3,220,182	\$ 3,220,181
Revenue fund	204,318	42,600
Construction fund	102,150	102,151
Bond redemption fund	28,180	28,170
Subtotal	<u>3,554,830</u>	<u>3,393,102</u>
<u>Series of 2008:</u>		
Debt service fund	2,875,076	2,364,478
Bond reserve fund	5,264,659	5,406,301
Maintenance fund	2,956,257	2,934,289
Bond redemption fund	3,166,934	3,175,345
Subtotal	<u>14,262,926</u>	<u>13,880,413</u>
<u>Series of 2009:</u>		
Debt service reserve fund	4,508,396	3,409,744
Bond reserve fund	10,694,231	10,694,232
Subtotal	<u>15,202,627</u>	<u>14,103,976</u>
Total restricted investments	33,020,383	31,377,491
Less revenue bonds payable attributable to above funds	<u>(30,564,126)</u>	<u>(28,943,202)</u>
Restricted net position	<u>2,456,257</u>	<u>2,434,289</u>
Restricted cash	641,320	1,348,320
Restricted for the City of Philadelphia	52,121,293	54,447,982
Restricted for Pennsylvania Department of Transportation	2,857,096	1,561,752
Investments pledged	5,828,106	5,819,490
Total restricted cash and investments	<u>\$ 94,468,198</u>	<u>\$ 94,555,035</u>

THE PHILADELPHIA PARKING AUTHORITY

*Notes to Financial Statements
March 31, 2014 and March 31, 2013*

7. DESIGNATION OF UNRESTRICTED NET POSITION

	<u>2014</u>	<u>2013</u>
Designated for OPEB obligation	\$ 9,545,148	\$ 9,180,619
Designated for insurance	6,874,925	9,183,159
Designated for future capital projects	20,981,203	19,960,117
Designated for paid time off	7,369,312	5,320,119
Undesignated	<u>8,679,317</u>	<u>8,902,104</u>
 Total undesignated net position	 <u>\$ 53,449,905</u>	 <u>\$ 52,546,118</u>

8. PENSION PLAN

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

The PERS issues a publicly available annual financial report, including financial statements, which may be obtained by writing to Board of Pensions and Retirement, Two Penn Center Plaza, 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 2014. The Authority’s required contribution to the Plan is actuarially determined based on the benefits to which employees are entitled. The Authority contributed \$17,081,504, \$14,726,856, and \$14,525,797 to the Plan during 2014, 2013 and 2012, 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, 2014, 2013 and 2012, the contribution rates for the Authority’s qualified employee groups are 218.999%, 176.387%, and 151.463% of salaries for employees hired prior to March 21, 1996 (the “J” plan) and 7.497%, 7.816%, and 6.36% 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.

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Notes to Financial Statements *March 31, 2014 and March 31, 2013*

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, 2014, 2013 and 2012, payments for these pension benefits totaled \$516,268, \$528,524, and \$474,403, respectively.

9. COMMITMENTS

The Authority leases land for its parking facilities at the Philadelphia International Airport from the City of Philadelphia under long-term land leases, which expire on September 1, 2029. Payment for these land leases is equal to parking revenues after deducting all expenses and debt service requirements as defined by the governing trust indentures. These payments are remitted to the Philadelphia Division of Aviation on or about June 30th following the close of each fiscal year, and totaled just over \$23.8 million for fiscal year ended 2014.

The Authority, through an Agreement of Cooperation with the City of Philadelphia, conducts On-Street parking operations which involves enforcement of most parking laws and ordinances in the City, as well as most peripheral issues. Payments to the City/School District under terms of this Agreement as amended in 2005 are based upon total revenue received (e.g., from tickets, meters, etc.) less expenses (excluding depreciation) and On-Street capital assets purchased. In connection with this Agreement, \$37.4 million is recognized as expense to the City of Philadelphia General Fund and \$9.7 million as expense to the School District of Philadelphia for fiscal year ended 2014.

During fiscal 1998, the Authority entered into a fifteen-year non-cancelable agreement to lease administrative office space and other facilities at 3101 Market Street. The terms of the agreement provide for lease payments on a graduated scale. In conjunction with this agreement, the Authority has subleased a portion of the office space to the City of Philadelphia and the related receivable amount is reflected as a reduction of the liability to City/School District Payments. Due to the City of Philadelphia's distressed financial outlook for the immediate future, the receivable of \$4.5 million is being considered as doubtful to its collectability and the balance has been reserved as of March 31, 2014 and 2013. The Authority vacated these facilities in the beginning of fiscal year 2014 and relocated to a new facility.

In June of 2012, The Authority initiated a 25 year lease for its new headquarters at 701 Market Street. The new facility provides approximately 20,000 additional square feet of space at a lower rent than previously paid. The terms of the agreement provide for lease payments on a graduated scale. Renovation of the space was completed and the operation was moved in late April 2013.

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March 31, 2014 and March 31, 2013

On April 1, 2007, the Taxi & Limousine Division moved its operating headquarters to 2415 South Swanson Street in South Philadelphia. The Authority currently has a lease that expires on December 31, 2021 on this property.

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

Future minimum annual lease and sublease payments under the Authority's various operating leases at March 31, 2014 are 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>
2015	\$ 4,475,190	\$ 654,344	\$ 3,820,846
2016	4,532,804	665,001	3,867,803
2017	4,614,024	668,210	3,945,814
2018	4,649,444	662,847	3,986,597
2019	4,729,941	677,270	4,052,671
2020-2024	15,044,009	1,796,626	13,247,383
2025-2029	9,556,827		9,556,827
2030-2034	10,476,137		10,476,137
2035-2039	9,042,813		9,042,813
Total	<u>\$ 67,121,189</u>	<u>\$ 5,124,298</u>	<u>\$ 61,996,891</u>

Rental expense for the fiscal years ended March 31, 2014 and 2013 was \$2,543,286 and \$2,215,785, respectively.

10. SERVICE AGREEMENTS

The Authority has a contract with ACS State and Local Solutions, Inc. ("ACS"), a Xerox corporation, 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 Authority has another agreement with ACS to maintain Revenue Control Equipment at the Airport. Total expense to ACS for the fiscal years ended March 31, 2014 and 2013 were \$10,753,469 and \$10,757,855, respectively.

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

11. RISK MANAGEMENT

The Authority elected to self-insure potential obligations applicable to workers' compensation, casualty/liability and automobile insurance. The Authority is exposed to various risks of loss (i.e., theft, damage/destruction of assets; injuries to employees; and natural disasters, etc.). While it purchases insurance coverage for these exposures, the Authority has deductibles under most of the policies. The current levels of deductibles, limits of insurance coverage per occurrence, and aggregate limit of insurance coverage are shown below:

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, 2014 and 2013 is approximately \$11,592,618 and \$11,787,618, respectively. The Authority is required to record a liability for claims if information prior to the issuance of the financial statements indicates that it is both probable that a liability has been incurred by the date of the financial statements and the amount of the loss can be reasonably estimated.

The Authority's accrued claims liability of \$6,874,925 and \$9,183,159 as of March 31, 2014 and 2013, respectively, was established according to a third-party actuarial study. In fiscal year 2014, the Authority changed the method of evaluating the insurance reserve from using the highest range on the actuarial model to the lowest range, resulting in a decrease in the accrued claims liability.

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

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

	Balance	Current Year	Claims	Balance
	March 31, 2013	claims and	Payments	March 31, 2014
		changes in		
		estimates		
Workers Compensation	\$ 7,376,054	\$ (299,598)	\$ 1,692,456	\$ 5,384,000
General Liability	1,807,105	65,214	381,394	1,490,925
	<u>\$ 9,183,159</u>	<u>\$ (234,384)</u>	<u>\$ 2,073,850</u>	<u>\$ 6,874,925</u>

	Balance	Current Year	Claims	Balance
	March 31, 2012	claims and	Payments	March 31, 2013
		changes in		
		estimates		
Workers Compensation	\$ 6,289,719	\$ 4,425,013	\$ 3,338,678	\$ 7,376,054
General Liability	2,386,590	(337,609)	241,876	1,807,105
	<u>\$ 8,676,309</u>	<u>\$ 4,087,404</u>	<u>\$ 3,580,554</u>	<u>\$ 9,183,159</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, or District Council 47. Further, at time of retirement, employees are permitted to purchase additional benefits with accumulated sick leave. The Authority does not issue stand-alone financial statements for the OPEB plan.

Funding Policy. The contribution requirements of the Authority are established and may be amended by the Authority’s Board. It is the Authority’s policy to annually designate investments to fund these obligations in the amount of the liability that it recognizes for the year, which in turn is computed according to the 30-year method. There are no required contributions on the part of the program participants (i.e., retirees).

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

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

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

Annual Required Contribution	\$ 1,608,344
Interest on Net OPEB Obligation	413,128
Adjustment to Annual Required Contribution	<u>(891,564)</u>
Annual OPEB Cost (Expense)	1,129,908
Contributions Made	<u>(765,379)</u>
Increase in Net OPEB Obligation	364,529
Net OPEB Obligation - March 31, 2013	<u>9,180,619</u>
Net OPEB Obligation - March 31, 2014	<u><u>\$ 9,545,148</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, 2014 and the five preceding years was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB</u>	
		<u>Cost Contributed</u>	<u>Net OPEB Obligation</u>
March 31, 2014	\$ 1,129,908	11.8%	\$ 9,545,148
March 31, 2013	1,037,005	11.3%	9,180,619
March 31, 2012	2,602,515	17.8%	8,818,505
March 31, 2011	2,304,872	15.8%	6,680,301
March 31, 2010	2,032,985	24.6%	4,738,949
March 31, 2009	1,920,625	25.2%	3,205,964

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements
March 31, 2014 and March 31, 2013

Funding Status & Funding Progress.

The funded status of the plan as of March 31, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability ("AAL")	\$	12,945,891
Actuarial value of plan assets		<u>-</u>
Unfunded actuarial accrued liability ("UAAL")	\$	12,945,891
Funded ratio		<u>0%</u>
Covered payroll	\$	21,673,454
UAAL as percentage of covered payroll		59.7%

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, 2014 valuation, the projected unit 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 9% and are subsequently reduced by decrements of .5% over the next eight years to ultimate rates of 5%. Further, these rates included a 2.5% 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, 2014 is 23 years.

THE PHILADELPHIA PARKING AUTHORITY

Notes to Financial Statements

March 31, 2014 and March 31, 2013

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

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

13. SUBSEQUENT EVENTS

On June 26th 2014, the City of Philadelphia sold the JFK Garage location. The Philadelphia Parking Authority ceased management and operations of the facility on that date.

The Family Court Garage, located at 15th and Arch Streets in Center City, will be opening in August of 2014. The Philadelphia Parking Authority is the manager and operator of this facility.

In July 2014, The Philadelphia Parking Authority paid off an outstanding loan payable balance to TD Bank. The original amount of the note was \$6,000,000.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a percentage of Covered Payroll ((b-a)/c)
March 31, 2014	-	\$ 12,945,891	\$ 12,945,891	0.00%	\$ 21,673,454	59.7%
March 31, 2013	-	12,322,124	12,322,124	0.00%	21,114,297	58.4%
March 31, 2012	-	20,166,849	20,166,849	0.00%	21,010,937	96.0%
March 31, 2011	-	17,141,100	17,141,100	0.00%	21,103,394	81.2%
March 31, 2010	-	15,462,191	15,462,191	0.00%	21,095,725	73.3%
March 31, 2009	-	13,078,760	13,078,760	0.00%	20,696,287	63.2%

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

THE PHILADELPHIA PARKING AUTHORITY
Combining Schedule of Net Position
March 31, 2014 and 2013

Schedule 1

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	Funds Under Trust Indenture				Funds Not Under Trust Indenture	Red Light Camera Enforcement	On-Street Parking	Combined Totals 2014	Combined Totals 2013
	May 27, 1999		September 5, 2008 and December 10, 2009						
	Restricted	Unrestricted	Restricted	Unrestricted					
Assets:									
Cash and cash equivalents	\$ -	\$ 160,738	\$ -	\$ 1,248,184	\$ 55,606,620	\$ 634,384	\$ 8,768,326	\$ 66,418,252	\$ 69,077,112
Investments	-	-	-	-	12,531,068	-	3,108,231	15,639,299	13,654,940
Accrued interest receivable	14,212	-	34,922	109,653	48,233	-	-	207,020	226,439
Accounts receivable	-	-	-	-	554,233	-	157,794	712,027	970,038
Prepaid expenses	-	-	-	-	51,744	-	61,764	113,508	21,683
Total current assets	<u>14,212</u>	<u>160,738</u>	<u>34,922</u>	<u>1,357,837</u>	<u>68,791,898</u>	<u>634,384</u>	<u>12,096,115</u>	<u>83,090,106</u>	<u>83,950,212</u>
Restricted cash and investments	3,552,491	-	29,465,553	33,606,283	9,225,768	2,857,096	15,761,007	94,468,198	94,555,035
Property and equipment:									
Parking facilities	-	-	252,231,534	-	41,954,834	-	-	294,186,368	293,773,698
Land	10,300,000	-	-	-	4,954,524	-	-	15,254,524	15,254,524
Improvements, equipment., and furniture	-	469,890	-	12,640,744	21,930,020	-	24,182,256	59,222,910	53,259,530
Lease acquisition costs	-	-	-	-	589,837	-	-	589,837	589,837
Total property and equipment	<u>10,300,000</u>	<u>469,890</u>	<u>252,231,534</u>	<u>12,640,744</u>	<u>69,429,215</u>	<u>-</u>	<u>24,182,256</u>	<u>369,253,639</u>	<u>362,877,589</u>
Total assets	<u>13,866,703</u>	<u>630,628</u>	<u>281,732,009</u>	<u>47,604,864</u>	<u>147,446,881</u>	<u>3,491,480</u>	<u>52,039,378</u>	<u>546,811,943</u>	<u>541,382,836</u>
Deferred Outflows of Resources:									
Deferred amount on refunding	-	-	5,424,953	-	-	-	-	5,424,953	6,042,941
Total assets and deferred outflows	<u>\$ 13,866,703</u>	<u>\$ 630,628</u>	<u>\$ 287,156,962</u>	<u>\$ 47,604,864</u>	<u>\$ 147,446,881</u>	<u>\$ 3,491,480</u>	<u>\$ 52,039,378</u>	<u>\$ 552,236,896</u>	<u>\$ 547,425,777</u>
Liabilities:									
Accounts payable and accrued expenses	\$ -	\$ 34,812	\$ -	\$ 2,618,664	\$ 6,565,147	\$ 1,044,577	\$ 6,772,205	\$ 17,035,405	\$ 15,918,747
Accrued interest payable	92,022	-	588,732	-	-	-	-	680,754	727,597
Due to (from) City/School District of Philadelphia	-	(64,412)	-	22,449,005	2,756,341	-	15,761,007	40,901,941	43,370,259
Due to the Pennsylvania Department of Transportation	-	-	-	-	-	2,857,096	-	2,857,096	1,561,751
Current portion of revenue bond	630,000	-	10,795,000	-	-	-	-	11,425,000	10,970,000
Current portion of notes payable	-	-	-	-	428,068	-	56,501	484,569	3,994,001
Due to (from) other funds	-	(1,958)	-	1,936,922	(2,942,138)	(410,193)	1,417,367	-	-
Total current liabilities	<u>722,022</u>	<u>(31,558)</u>	<u>11,383,732</u>	<u>27,004,591</u>	<u>6,807,418</u>	<u>3,491,480</u>	<u>24,007,080</u>	<u>73,384,765</u>	<u>76,542,355</u>
Revenue bonds payable	13,020,000	-	131,655,000	-	-	-	-	144,675,000	156,100,000
Notes payable	-	-	-	-	1,593,846	-	(56,501)	1,537,345	1,932,558
Accrued claims payable	-	-	-	-	6,874,925	-	-	6,874,925	9,183,159
Payable for post employment benefits, other than pensions	-	-	-	-	9,545,148	-	-	9,545,148	9,180,619
Total liabilities	<u>13,742,022</u>	<u>(31,558)</u>	<u>143,038,732</u>	<u>27,004,591</u>	<u>24,821,337</u>	<u>3,491,480</u>	<u>23,950,579</u>	<u>236,017,183</u>	<u>252,938,691</u>
Deferred Inflows of Resources:									
Deferred revenue	-	-	-	-	641,320	-	-	641,320	1,348,320
Total liabilities and deferred inflows	<u>13,742,022</u>	<u>(31,558)</u>	<u>143,038,732</u>	<u>27,004,591</u>	<u>25,462,657</u>	<u>3,491,480</u>	<u>23,950,579</u>	<u>236,658,503</u>	<u>254,287,011</u>
Net Position:									
Net investment in capital assets	124,681	217,549	44,022,332	5,852,402	-	-	11,195,882	61,412,846	55,280,162
Restricted	-	-	2,456,257	-	-	-	-	2,456,257	2,434,289
Unrestricted	-	444,637	97,639,641	14,747,871	121,984,224	-	16,892,917	251,709,290	235,424,315
Net position	<u>124,681</u>	<u>662,186</u>	<u>144,118,230</u>	<u>20,600,273</u>	<u>121,984,224</u>	<u>-</u>	<u>28,088,799</u>	<u>315,578,393</u>	<u>293,138,766</u>
Total liabilities, deferred inflows, and net position	<u>\$ 13,866,703</u>	<u>\$ 630,628</u>	<u>\$ 287,156,962</u>	<u>\$ 47,604,864</u>	<u>\$ 147,446,881</u>	<u>\$ 3,491,480</u>	<u>\$ 52,039,378</u>	<u>\$ 552,236,896</u>	<u>\$ 547,425,777</u>

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended March 31, 2014 and 2013

Schedule 1

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	Funds Under Trust Indenture		Funds Not Under Trust Indenture	Red Light Camera Enforcement	On-Street Parking	Combined Totals 2014	Combined Totals 2013
	May 27, 1999	December 10, 2009*					
Operating revenues	\$ 467,814	\$ 63,459,567	\$ 32,170,411	\$ 16,079,277	\$ 121,531,303	\$ 233,708,372	\$ 240,196,920
Operating expenses:							
Direct operating expenses	336,154	17,610,783	17,784,044	7,551,355	59,833,898	103,116,234	103,393,258
Administrative expenses	101,578	3,503,933	5,590,702	1,395,771	11,916,384	22,508,368	19,920,411
Expense to the City/School District of Philadelphia	(1,155,609)	23,687,972	2,306,366	-	46,433,046	71,271,775	75,894,184
Expense to the Pennsylvania Department of Transportation	-	-	-	7,132,151	-	7,132,151	9,572,525
Total operating expenses	<u>(717,877)</u>	<u>44,802,688</u>	<u>25,681,112</u>	<u>16,079,277</u>	<u>118,183,328</u>	<u>204,028,528</u>	<u>208,780,378</u>
Operating income	1,185,691	18,656,879	6,489,299	-	3,347,975	29,679,844	31,416,542
Nonoperating revenues (expenses):							
Investment income	184,703	884,032	56,814	-	602	1,126,151	1,547,926
Interest expense	<u>(732,543)</u>	<u>(7,510,658)</u>	<u>(96,064)</u>	<u>-</u>	<u>(27,103)</u>	<u>(8,366,368)</u>	<u>(8,936,628)</u>
Total nonoperating revenues (expenses)	<u>(547,840)</u>	<u>(6,626,626)</u>	<u>(39,250)</u>	<u>-</u>	<u>(26,501)</u>	<u>(7,240,217)</u>	<u>(7,388,702)</u>
Changes in net position before transfers	637,851	12,030,253	6,450,049	-	3,321,474	22,439,627	24,027,840
Operating transfers							
Interfund transfers in (out)	<u>(26,331)</u>	<u>-</u>	<u>(23,287)</u>	<u>-</u>	<u>49,618</u>	<u>-</u>	<u>-</u>
Total operating transfers in (out)	<u>(26,331)</u>	<u>-</u>	<u>(23,287)</u>	<u>-</u>	<u>49,618</u>	<u>-</u>	<u>-</u>
Changes in net position after transfers	611,520	12,030,253	6,426,762	-	3,371,092	22,439,627	24,027,840
Net position, beginning of year	<u>149,017</u>	<u>152,644,766</u>	<u>115,557,462</u>	<u>-</u>	<u>24,717,707</u>	<u>293,068,952</u>	<u>269,041,112</u>
Net position, end of year	<u>\$ 760,537</u>	<u>\$ 164,675,019</u>	<u>\$ 121,984,224</u>	<u>\$ -</u>	<u>\$ 28,088,799</u>	<u>\$ 315,508,579</u>	<u>\$ 293,068,952</u>

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

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY
Trust Indenture of May 27, 1999
Combining Schedule of Net Position
March 31, 2014 and 2013

Schedule 2
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	Construction Fund	Revenue Fund	Bond Fund		Bond Reserve Fund	Rebate Fund	Combined Totals 2014	Combined Totals 2013
			Interest	Principal				
Assets:								
Cash and cash equivalents	\$ -	\$ 160,738	\$ -	\$ -	\$ -	\$ -	\$ 160,738	\$ 423,117
Accrued interest receivable	5	10	-	-	14,196	1	14,212	11
Total current assets	5	160,748	-	-	14,196	1	174,950	423,128
Restricted cash and investments	102,150	139,907	62,073	-	3,220,181	28,180	3,552,491	4,277,843
Property and equipment:								
Land	10,300,000	-	-	-	-	-	10,300,000	10,300,000
Improvements, Equipment & Furniture	-	469,890	-	-	-	-	469,890	549,153
Total property and equipment	10,300,000	469,890	-	-	-	-	10,769,890	10,849,153
Total assets	\$ 10,402,155	\$ 770,545	\$ 62,073	\$ -	\$ 3,234,377	\$ 28,181	\$ 14,497,331	\$ 15,550,124
Liabilities:								
Accounts payable and accrued expenses	\$ -	\$ 34,812	\$ -	\$ -	\$ -	\$ -	\$ 34,812	\$ 26,605
Accrued interest payable	-	-	92,022	-	-	-	92,022	95,656
Due to (from) City/School Dist of Philadelphia	-	(64,412)	-	-	-	-	(64,412)	884,739
Current portion of revenue bond	630,000	-	-	-	-	-	630,000	600,000
Due to (from) Other Funds	-	(1,958)	-	-	-	-	(1,958)	144,107
Total current liabilities	630,000	(31,558)	92,022	-	-	-	690,464	1,751,107
Revenue bond payable	13,020,000	-	-	-	-	-	13,020,000	13,650,000
Total liabilities	13,650,000	(31,558)	92,022	-	-	-	13,710,464	15,401,107
Net Position:								
Net investment in capital assets	(3,692,482)	802,103	(29,949)	-	3,234,377	28,181	342,230	(378,487)
Unrestricted	444,637	-	-	-	-	-	444,637	527,504
Net position	(3,247,845)	802,103	(29,949)	-	3,234,377	28,181	786,867	149,017
Total liabilities and net position	\$ 10,402,155	\$ 770,545	\$ 62,073	\$ -	\$ 3,234,377	\$ 28,181	\$ 14,497,331	\$ 15,550,124

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY
Trust Indenture of May 27, 1999
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended March 31, 2014 and 2013

Schedule 2
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	Construction Fund	Revenue Fund	Bond Fund		Bond Reserve Fund	Rebate Fund	Combined Totals 2014	Combined Totals 2013
			Interest	Principal				
Operating revenues	\$ -	\$ 467,814	\$ -	\$ -	\$ -	\$ -	\$ 467,814	\$ 371,999
Operating expenses:								
Direct operating expenses	-	309,824	-	-	-	-	309,824	92,848
Administrative and other expenses	-	101,578	-	-	-	-	101,578	53,115
Expense to the City of Philadelphia	-	-	(1,155,609)	-	-	-	(1,155,609)	(966,136)
Total operating expenses	-	411,402	(1,155,609)	-	-	-	(744,207)	(820,173)
Operating income	-	56,412	1,155,609	-	-	-	1,212,021	1,192,172
Nonoperating revenue (expense):								
Investment income	34	170,384	80	-	14,196	9	184,703	170,425
Interest expense	-	(732,543)	-	-	-	-	(732,543)	(765,275)
Total nonoperating revenues (expenses)	34	(562,159)	80	-	14,196	9	(547,840)	(594,850)
Changes in net position before transfers	34	(505,747)	1,155,689	-	14,196	9	664,181	597,322
Operating transfers in (out)								
Interfund transfers in (out)	573,657	585,650	(1,185,638)	-	-	-	(26,331)	8,132
Transfer interest earned to revenue fund	(23)	23	-	-	-	-	-	-
Total operating transfers in (out)	573,634	585,673	(1,185,638)	-	-	-	(26,331)	8,132
Changes in net position after transfers	573,668	79,926	(29,949)	-	14,196	9	637,850	605,454
Net position, beginning of year	(3,821,513)	722,177	-	-	3,220,181	28,172	149,017	268,692
Net position, end of the year	\$ (3,247,845)	\$ 802,103	\$ (29,949)	\$ -	\$ 3,234,377	\$ 28,181	\$ 786,867	\$ 874,146

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY
Trust indentures of December 10, 2009 and September 5, 2008
Philadelphia International Airport Facility
Combining Schedule of Net Position
March 31, 2014 and 2013

Schedule 3
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	Construction Fund	Revenue Fund	Debt Service Fund		Bond Reserve Fund	Maintenance Fund	Bond Redemption & Improvement Fund	Combined Totals 2014	Combined Totals 2013
			Principal	Interest					
Assets:									
Cash and cash equivalents	\$ -	\$ 1,248,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,248,184	\$ 2,845,067
Accrued interest receivable	-	109,653	18,484	-	-	7,207	9,231	144,575	178,197
Total current assets	-	1,357,837	18,484	-	-	7,207	9,231	1,392,759	3,023,264
Restricted cash and investments	-	33,606,283	7,383,472	-	15,958,890	2,956,257	3,166,934	63,071,836	61,762,488
Property and equipment									
Parking Facilities	229,272,764	-	-	22,927,109	-	-	31,661	252,231,534	251,749,050
Improvements, Equip., & Furniture	-	12,640,744	-	-	-	-	-	12,640,744	12,615,495
Total property and equipment	229,272,764	12,640,744	-	22,927,109	-	-	31,661	264,872,278	264,364,545
Deferred Outflows of Resources:									
Deferred amount on refunding	5,424,953	-	-	-	-	-	-	5,424,953	6,042,941
Total assets and deferred outflows	\$ 234,697,717	\$ 47,604,864	\$ 7,401,956	\$ 22,927,109	\$ 15,958,890	\$ 2,963,464	\$ 3,207,826	\$ 334,761,826	\$ 335,193,238
Liabilities:									
Accounts payable and accrued expenses	\$ -	\$ 2,618,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,618,664	\$ 2,665,788
Accrued interest payable	-	-	492,640	96,092	-	-	-	588,732	631,941
Due to (from) City of Philadelphia	-	22,449,005	-	-	-	-	-	22,449,005	22,700,378
Current portion of revenue bond	10,795,000	-	-	-	-	-	-	10,795,000	10,370,000
Current portion of notes payable	-	-	-	-	-	-	-	-	1,497,762
Due to (from) Other Funds	-	1,936,922	-	-	-	-	-	1,936,922	2,232,603
Total current liabilities	10,795,000	27,004,591	492,640	96,092	-	-	-	38,388,323	40,098,472
Revenue bond payable	131,655,000	-	-	-	-	-	-	131,655,000	142,450,000
Total liabilities	142,450,000	27,004,591	492,640	96,092	-	-	-	170,043,323	182,548,472
Net Position:									
Net investment in capital assets	-	428,380	6,909,316	22,831,017	15,958,890	507,207	3,170,109	49,804,919	46,239,445
Restricted	-	-	-	-	-	2,456,257	-	2,456,257	2,434,289
Unrestricted	92,247,717	20,171,893	-	-	-	-	37,717	112,457,327	103,971,032
Net position	92,247,717	20,600,273	6,909,316	22,831,017	15,958,890	2,963,464	3,207,826	164,718,503	152,644,766
Total liabilities and net position	\$ 234,697,717	\$ 47,604,864	\$ 7,401,956	\$ 22,927,109	\$ 15,958,890	\$ 2,963,464	\$ 3,207,826	\$ 334,761,826	\$ 335,193,238

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY
Trust Indentures of December 10, 2009 and September 5, 2008
Philadelphia International Airport Facility
Combining Schedule of Revenue, Expense, and Changes in Net Position
For the Years Ended March 31, 2014 and 2013

Schedule 3
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	Construction Fund	Revenue Fund	Debt Service Fund		Bond Reserve Fund	Maintenance Fund	Bond Redemption & Improvement Fund	Combined Totals 2014	Combined Totals 2013
			Principal	Interest					
Operating revenues	\$ -	\$ 63,459,566	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,459,566	\$ 62,875,570
Operating expenses:									
Direct operating expenses	-	17,610,783	-	-	-	-	-	17,610,783	18,589,522
Administrative and other expenses	-	3,503,933	-	-	-	-	-	3,503,933	3,087,418
Expense to the City of Philadelphia	-	23,687,972	-	-	-	-	-	23,687,972	24,027,304
Total operating expenses	-	44,802,688	-	-	-	-	-	44,802,688	45,704,244
Operating income	-	18,656,878	-	-	-	-	-	18,656,878	17,171,326
Nonoperating revenue (expense)									
Investment income	-	1,220,659	(7,479)	-	8	16,793	(345,949)	884,032	1,119,554
Interest expense	(210,649)	(7,300,010)	-	-	-	-	-	(7,510,659)	(7,951,561)
Total nonoperating revenues (expenses)	(210,649)	(6,079,351)	(7,479)	-	8	16,793	(345,949)	(6,626,627)	(6,832,007)
Changes in net position before transfers	(210,649)	12,577,527	(7,479)	-	8	16,793	(345,949)	12,030,251	10,339,319
Operating transfers in (out)									
Interfund transfers in (out)	1,917,762	(3,794,892)	1,645,735	17,311	(141,651)	-	355,738	-	(347)
Debt Service	9,950,000	(9,950,000)	-	-	-	-	-	-	-
Total operating transfers in (out)	11,867,762	(13,744,892)	1,645,735	17,311	(141,651)	-	355,738	-	(347)
Changes in net position after transfers	11,657,113	(1,167,365)	1,638,256	17,311	(141,643)	16,793	9,789	12,030,251	10,338,972
Net position, beginning of year	80,520,789	21,767,638	5,271,060	22,813,706	16,100,533	2,946,671	3,198,039	152,618,436	142,279,460
Net position, end of the year	\$ 92,177,902	\$ 20,600,273	\$ 6,909,316	\$ 22,831,017	\$ 15,958,890	\$ 2,963,464	\$ 3,207,828	\$ 164,648,687	\$ 152,618,432

These supplementary schedules do not include depreciation and reflect rounding.

THE PHILADELPHIA PARKING AUTHORITY
Trust Indentures of December 10, 2009 and September 5, 2008
Philadelphia International Airport Facility
Schedule of Direct Operating Expenses
For the Years Ended March 31, 2014 and 2013

Schedule 4

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	2014	2013
Salary and wage expense		
Salaries and wages	\$ 7,570,110	\$ 7,163,123
Pension plan expense	1,534,071	1,366,164
Total salary and wage expense	9,104,181	8,529,287
Payroll related expense		
Employees' benefits	3,196,254	3,027,903
Payroll taxes	574,546	541,892
Total salary and wage and payroll related expense	12,874,981	12,099,082
Direct operating expenses		
Professional fees	191,413	128,030
Utilities	630,513	470,625
Miscellaneous and office expenses	2,660,974	4,128,753
Repairs and maintenance	1,135,670	976,404
Insurance	(79,962)	513,229
Auto expenses	77,854	119,146
Supplies and tickets	47,357	52,024
Telephone	14,676	13,039
Equipments expenses	57,307	89,190
Total direct operating expenses	\$ 17,610,783	\$ 18,589,522

THE PHILADELPHIA PARKING AUTHORITY

Reformatted Statements of Net Position

March 31, 2014 and 2013 (in thousands)

	<u>2014</u>	<u>2013</u>
ASSETS:		
Cash and cash equivalents on deposit and on hand	\$ 66,418	\$ 69,077
Investments - short term	15,639	13,655
Accounts receivable	712	970
Other current assets	321	248
Restricted cash	94,468	94,555
Capital assets, net	170,994	179,999
Total assets	<u>348,552</u>	<u>358,504</u>
LIABILITIES:		
Accounts payable and accrued expenses	17,035	15,918
Accrued interest payable	681	728
Due to the City /School District of Philadelphia	40,902	43,370
Due to the Pennsylvania Department of Transportation	2,857	1,562
Current portion of notes payable	485	3,994
Current portion of other long-term obligations	11,425	10,970
Non-current portion of notes payable	1,537	1,933
Non-current portion of other long-term obligations	144,675	156,100
Unamortized amount on refunding	(5,425)	(6,043)
Accrued claims payable	6,875	9,183
Payable for post retirement benefits, other than pensions	9,545	9,181
Total liabilities	<u>230,592</u>	<u>246,896</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred Revenue	<u>641</u>	<u>1,348</u>
Total liabilities and deferred inflows	<u>231,233</u>	<u>248,244</u>
NET POSITION:	<u>\$ 117,319</u>	<u>\$ 110,260</u>

THE PHILADELPHIA PARKING AUTHORITY
Reformatted Statements of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended March 31, 2014 and 2013 (in thousands)

	2014	2013
EXPENSES:		
Operating expenses	\$ 103,116	\$ 103,393
Expense to the City/School District of Philadelphia	71,271	75,894
Expense to the Pennsylvania Department of Transportation	7,133	9,573
Interest on long-term debt	8,366	8,937
Administrative expenses	22,508	19,920
Depreciation & amortization expense	15,381	16,224
Total expenses	227,775	233,941
PROGRAM REVENUES:		
Charges for services	233,708	240,197
Net program revenues	5,933	6,256
GENERAL REVENUES:		
Interest and investment earnings	1,126	1,548
Increase in net position	7,059	7,804
Net position, beginning of year	110,260	102,456
Net position, end of year	\$ 117,319	\$ 110,260