

**The Parking Authority of the  
City of Lancaster  
(A Component Unit of the City of  
Lancaster, Pennsylvania)**

Financial Statements and Required  
Supplementary Information

Years Ended December 31, 2023 and 2022  
with Independent Auditor's Report

**MaherDuessel**

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# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

YEARS ENDED DECEMBER 31, 2023 AND 2022

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## **Independent Auditor's Report**

**Board of Directors**

**The Parking Authority of the City of Lancaster**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of the business-type activities of the Parking Authority of the City of Lancaster (Authority), a component unit of the City of Lancaster, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2023 and 2022, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Change in Accounting Principle**

As discussed in Note 2 to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 96, "*Subscription-Based Information Technology Agreements*". Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Maher Duessel***

Harrisburg, Pennsylvania  
July 8, 2024

# **The Parking Authority of the City of Lancaster**

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## **Management's Discussion and Analysis**

December 31, 2023, and 2022

### **Introduction**

The Parking Authority of the City of Lancaster (the Authority) was incorporated on January 4, 1967 to serve the City of Lancaster, Pennsylvania's (the City) parking needs. The Authority is incorporated under the "Parking Authority Law" of 1947, State of Pennsylvania. The Authority may acquire, construct, improve, and maintain parking projects; conduct research related to parking problems; establish a permanent, coordinated system of parking facilities; borrow money; and issue bonds.

The governing body of the Authority is a five-member Board of Directors appointed by the Mayor of the City for a term of five years. Each of the five appointments are staggered allowing for one new or reappointed member each year. The Board proceedings are governed by the adopted by-laws of the Authority. Twelve monthly board meetings are held per year. The board members are actively involved in strategic planning and approval of major lease arrangements, new construction, major maintenance, financial management (including budget review and approval), and marketing of the Authority.

The Authority owns and operates seven parking garages including the Penn Square Garage, East King Street Garage, Duke Street Garage, Prince Street Garage, Water Street Garage and North Queen Street Garage and Christian Street Garage. The Authority owns and operates three surface lots on Cherry Street and Mifflin Street. The Authority operates over 1000 metered parking spaces which reside both on city streets and at an off-street lot at the Lancaster Public Library.

In March 2014, the Authority began managing the North Queen Street Garage under an agreement with the Redevelopment Authority of the City of Lancaster. The initial term of the agreement is five years and is automatically renewable for up to five successive ten-year terms. The Authority purchased the North Queen Street Garage in June 2019 from the Redevelopment Authority through the issuance of a \$3,000,000 unsecured note payable.

In January 2017, the Authority began managing most aspects of parking enforcement operations under an agreement with the City. The term of the agreement is three years with no automatic renewal option. The City reviewed the performance of the Authority and proposed an extension of the agreement to December 31, 2022. The Authority approved, accepted, and agreed to the extension. The agreement has been extended for an additional five-year term until the end of December 31, 2027.

### **Financial Requirements**

The Authority is a self-supporting municipal authority with financial responsibility to manage and maintain its properties on behalf of the City and the Authority's bondholders. To meet its obligations, the Authority must perform productively and efficiently with a high standard of accountability. The City guarantees the debt of the Authority and plays a significant role in the management of the Authority through appointment of the Authority's Board of Directors by the Mayor of the City.

The Authority issued bonds in 1969 to purchase the Watt & Shand Garage, currently known as the Penn Square Garage. Bonds were issued in 1970 and 1971 to construct the Duke Street Garage and the Prince Street Garage, respectively. In 1987, bonds were issued for the construction of the Water Street Garage. The Authority issued new revenue bonds in October 2007 to retire the existing debt and issue new bonds to construct the East King Street Garage.

# **The Parking Authority of the City of Lancaster**

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## **Management's Discussion and Analysis**

December 31, 2023, and 2022

In December 2016, the Authority advance refunded and defeased the 2007 Series A and Series B Revenue Bonds with the issuance of 2016 Parking Revenue Bonds (Series of 2016 and Series of 2016A).

The Authority issued bonds in October 2019 to finance the construction of the Christian Street Garage, public library, and retail storefront. The garage facility was substantially completed in 2022. The outstanding construction includes the building out of retail storefront space and completion of the public art façade.

In December 2020, the Authority issued bonds to finance additional costs associated with construction of the Christian Street Garage project and to refinance the Series of 2016 bonds to obtain a more favorable interest rate to reduce interest expense.

The following discussion and analysis of the Authority's activities and financial performance provides an introduction and overview to the Authority's basic financial statements for the fiscal years ended December 31, 2023, 2022 and 2021. Please read it in conjunction with the Authority's financial statements.

### **Financial Highlights**

- The Authority's net position increased by \$4,431,898 for the year ended December 31, 2023. This compares to a \$2,722,249 and \$1,728,225 increase in net position for the years ended December 31, 2022, and 2021, respectively.
- The Authority's operating revenues increased by 5.63%, or \$519,335 to \$9,740,810 for the year ended December 31, 2023, compared to operating revenues of \$9,221,475 and \$7,820,255 for the years ended December 31, 2022, and 2021, respectively. The 2023 increase derives a full year of regular revenues not impacted from the recent years affected by the pandemic limitations. It also represents a full year impact of increase in hourly street rates minimally above listed garage rates, pushing longer term parkers into LPA garages and lots, enhancing garage traffic and revenue and keeping street traffic turning over more quickly and at a premium near the local business for patrons to use.
- The Authority's total operating expenses increased by 6.78% or \$509,542 to \$8,027,594. This compares operating expenses of \$7,518,052 and \$6,595,483 for the years ended December 31, 2022, and 2021, respectively. The 2023 expenses increased but at a slower pace than recent years and is derived from a full post pandemic year with increase in service and enforcement staffing for the owned facilities and lots. Total operating expenses included depreciation expenses, which is a noncash expense, of \$2,277,086, \$1,829,519, and \$1,520,860 for the years ending December 31, 2023, 2022, and 2021, respectively. Of the Authority's operating expense increase in 2023, only 1.10% (\$61,975) of the 6.78% annual increase came from actual operational expenditures, the majority of this year's operating expense increased \$447,567 or 24.46% was in the noncash line item of depreciation make up the final 5.68% of total operating expense growth for 2023.

### **Overview of the Financial Statements**

The Authority's basic financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the financial statements. This report also includes required supplementary information in addition to the basic financial statements themselves.

# **The Parking Authority of the City of Lancaster**

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## **Management's Discussion and Analysis**

December 31, 2023, and 2022

The Authority's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

**Statement of Net Position.** The statement of net position presents the financial position of the Authority. It presents information on the Authority's assets, deferred outflows and inflows of resources, liabilities, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**Statement of Revenues, Expenses, and Changes in Net Position.** The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during each fiscal year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., earned, but unused vacation leave).

**Statement of Cash Flows.** The statement of cash flows presents information on the effects of changes in assets, deferred outflows and inflows of resources, and liabilities have on cash during the course of the fiscal year.

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

### **Financial Analysis**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources were greater than liabilities and deferred inflows of resources by \$22,471,755 as of December 31, 2023, compared to \$18,039,857 and \$15,317,608 as of December 31, 2022, and 2021, respectively.



## The Parking Authority of the City of Lancaster

### Management's Discussion and Analysis

December 31, 2023, and 2022

A condensed summary of the Authority's statement of net position at December 31 is presented below:

#### Condensed Statement of Net Position

	2023	2022	2021 (restated)
Current unrestricted assets	\$ 8,252,886	\$ 7,572,078	\$ 5,018,606
Current restricted assets	6,568,676	6,012,173	13,226,617
Capital assets, net	60,318,233	59,798,340	58,182,261
Lease receivable	1,906,029	2,171,945	2,601,335
Prepaid bond insurance	301,218	261,785	349,504
Net pension asset	-	324,641	89,566
<b>Total Assets</b>	<b>77,347,042</b>	<b>76,140,962</b>	<b>79,467,889</b>
<b>Total Deferred Outflows of Resources</b>	<b>843,190</b>	<b>817,820</b>	<b>805,732</b>
Current unrestricted liabilities	3,412,320	3,932,348	7,309,895
City of Lancaster note payable	2,250,000	2,400,000	2,550,000
Bond payable	45,365,000	47,515,000	49,585,000
Unamortized bond premium (discount)	1,928,048	2,179,448	2,447,562
Net subscription liability	161,383	-	-
Net pension liability	247,806	-	-
<b>Total Liabilities</b>	<b>53,364,557</b>	<b>56,026,796</b>	<b>61,892,457</b>
<b>Total Deferred Inflows of Resources</b>	<b>2,353,920</b>	<b>2,892,129</b>	<b>3,063,556</b>
Net investment in capital assets	15,622,473	12,422,135	12,029,500
Unrestricted	6,849,282	5,617,772	3,288,108
<b>Total Net Position</b>	<b>\$ 22,471,755</b>	<b>\$ 18,039,857</b>	<b>\$ 15,317,608</b>

The net investment in capital assets portion of the Authority's net position, \$15,622,473 reflects its investment in capital assets, net of related debt, (e.g., land, garages, garage equipment, office equipment, vehicles, and parking meters) as of December 31, 2023, compared to \$12,422,134 and \$12,029,500 as of December 31, 2021, and 2020, respectively. The Authority's operating revenues are derived primarily from user fees. The patrons are primarily employees of downtown businesses and their customers who commute from the suburban areas to the City on a regular basis as well as fees collected from special events held at the Lancaster County Convention Center and other large venues. The Authority is in the process of wrapping up the Chrisitan Street Garage project throughout 2023 and into 2024 with final T2 parking system software and artwork installation. During the year ended December 31, 2022, and 2021, the Authority invested in repairs in a Duke Street garage.

## The Parking Authority of the City of Lancaster

### Management's Discussion and Analysis

December 31, 2023, and 2022

**Changes in net position.** A condensed summary of the Authority's statements of revenues, expenses, and changes in net position for the years ended December 31 is presented below:

#### Statements of Revenues, Expenses, and Changes in Net Position

	2023	2022	2021(restated)
<b>Operating Revenues</b>			
Parking garages and lots	\$ 4,739,289	\$ 4,615,894	\$ 3,817,226
Parking meters	1,967,263	1,629,055	1,195,603
Parking violations and fines	3,034,258	2,976,526	2,807,396
<b>Total Operating Revenues</b>	<b>9,740,810</b>	<b>9,221,475</b>	<b>7,820,225</b>
<b>Operating Expenses, Excluding Depreciation</b>	<b>5,750,508</b>	<b>5,688,533</b>	<b>5,074,623</b>
<b>Provision for Depreciation</b>	<b>2,277,086</b>	<b>1,829,519</b>	<b>1,520,860</b>
<b>Total Operating Expenses</b>	<b>8,027,594</b>	<b>7,815,052</b>	<b>6,595,483</b>
<b>Operating Income</b>	<b>1,713,216</b>	<b>1,703,423</b>	<b>1,224,742</b>
<b>Non-Operating Revenues (Expense)</b>			
Contributions from CRIZ	2,692,622	1,920,488	1,451,429
Gain (loss) on sale of assets	35,019	1,000	15,491
Investment income	508,347	(105,971)	(43,617)
Interest expense	(1,467,713)	(1,515,572)	(1,568,281)
Lease principal revenue	507,765	473,825	466,036
Lease interest revenue	49,418	57,580	66,305
Miscellaneous income	393,224	187,476	116,120
<b>Total Net Non-Operating Revenues (Expenses)</b>	<b>2,718,682</b>	<b>1,018,826</b>	<b>503,483</b>
<b>Increase (Decrease) in Net Position</b>	<b>4,431,898</b>	<b>2,722,249</b>	<b>1,728,225</b>
<b>Net Position (Deficit), Beginning</b>	<b>18,039,857</b>	<b>15,317,608</b>	<b>13,589,383</b>
<b>Net Position (Deficit), Ending</b>	<b>\$ 22,471,755</b>	<b>\$ 18,039,857</b>	<b>\$ 15,317,608</b>

The Authority's major expenses are salaries, fringe benefits, facility maintenance, and interest expense.

## The Parking Authority of the City of Lancaster

### Management's Discussion and Analysis

December 31, 2023, and 2022

## Capital Assets

### Capital Acquisitions

The Authority's investment in capital assets includes land, parking garages, administrative building, gate/revenue control systems, parking meters, vehicles, and office equipment. Capital acquisitions are recorded at cost. Acquisitions are funded by revenue generated by Authority patrons as well as by bonds.

Capital acquisitions for the years ended December 31, 2023, 2022, and 2021 totaled \$3,445,597, \$19,400,751, and \$19,400,751, respectively. The Authority's investments in capital assets as of December 31, 2022, 2021, and 2020, net of accumulated depreciation was as follows:

	<b>Capital Assets at December 31</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Construction in progress	\$ 1,788,350	\$ 80,160	\$ 32,029,137
Land	5,811,820	5,811,820	5,811,820
Parking garages/lots and office building	81,981,112	81,269,144	46,141,647
Office furnishings and equipment	119,187	119,186	121,141
Equipment	3,754,796	754,763	3,894,621
Right to Use Subscription Asset	268,402	-	-
Vehicles	311,459	292,459	304,924
	<b>93,945,126</b>	<b>85,435,585</b>	<b>88,303,290</b>
Less accumulated depreciation	<b>33,716,793</b>	<b>31,529,225</b>	<b>30,121,029</b>
<b>Net Capital Assets</b>	<b>\$ 60,318,233</b>	<b>\$ 59,798,340</b>	<b>\$ 58,182,261</b>

Additional information on capital assets can be found in Note 4.

## Debt Administration

As of December 31, 2023, the Authority had \$47,515,000 of outstanding bonded debt compared to \$49,585,000 and \$51,275,000 for the years ended December 31, 2022 and 2021, respectively.

In June 2019, the Authority purchased the North Queen Street Garage from the Redevelopment Authority of the City of Lancaster through the issuance of a \$3,000,000 unsecured note payable. The Authority will make an annual payment of \$150,000 over a 20-year period to satisfy the unsecured note payable to the City.

More detailed information about the Authority's long-term debt is presented in Notes 5, 6, and 10 to the financial statements.

# **The Parking Authority of the City of Lancaster**

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## **Management's Discussion and Analysis**

December 31, 2023, and 2022

### **Economic Condition and Outlook**

The Authority remains well positioned for long-term success and sustainability in supporting the ongoing economic vitality and development of the City. The Authority continues with the post-pandemic recovery in 2023, aided by the policy changes in 2022 with on-street meter rate increase of \$1.50/hour to \$2.50/hour as approved by the Lancaster City Council and the Authority Board in 2022. In addition, the monthly parking garage rates were stable in 2023 based on the 2022 rates approved by the Authority's Board of Directors. The Authority also opened the Christian Street garage in 2022 which final construction costs will be completed in 2024. The Authority continues to experience positive results and minimal downtime with the conversion from old style meters to Pay by Phone, Kiosks, QR codes and ParkMobile digital application. In 2023, the Authority experienced its best year of collection of electronic payments for street parking. In 2023, meter parking revenue collection of 93% electronic payments for street parking which allowed for only 2% coin and 5% cash revenue to be manually collected on street payments ensuring better compliance with the parking enforcement. 2023 also saw the completion of the Duke St. garage refurbishment which was started in 2022. On the cost side, the Authority looks forward to the reinvestment in the existing infrastructure and garage PARCS (Parking Access Revenue Control Systems) in the coming years to better serve the needs of residents, visitors, and the businesses of Lancaster City. In 2024 The Authority will kick off a 3-year \$4.2 million concrete renovation project for the garages in the city.

The Authority fully expects 2024 parking demand to continue the momentum of 2023. The bookings at the Convention Center are robust along with the return to pre-pandemic levels of tourism, hospitality, and cultural attractions of the City, along with great support for the Community Revitalization and Investment Zone (CRIZ) of Lancaster County to look at future growth options in supporting the updates and expansion of community investment in new and existing businesses and tourism in Lancaster. The Authority is well positioned with garage inventory to handle the ongoing parking demands for events. The Authority used its capital plan for 2023 for the investment of new technology consisting of hardware and software for six of the Authority's garages and three surface lots. This project will replaced 20-year-old equipment and brings flexibility, ease of use, and increased customer satisfaction of our parkers.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide our customers, creditors, and funding agencies with a general overview of the Authority's finances and to show the Authority's accountability for the funds it receives. If there are any questions about this report, or if additional financial information is required, please contact the Director of Finance and Administration, The Parking Authority of the City of Lancaster at P.O. Box 866, Lancaster, Pa. 17608-0866.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## STATEMENTS OF NET POSITION

DECEMBER 31, 2023 AND 2022

<b>Assets</b>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 3,839,102	\$ 4,031,307
Investments	707,847	445,557
Lease receivable	570,375	502,858
Accounts receivable, net	2,908,653	2,357,323
Prepaid expenses	226,909	235,033
Total current assets	<u>8,252,886</u>	<u>7,572,078</u>
Restricted assets:		
Investments	<u>6,568,676</u>	<u>6,012,173</u>
Capital assets:		
Capital assets not being depreciated:		
Construction in progress	1,788,350	80,160
Land	5,811,820	5,811,820
	<u>7,600,170</u>	<u>5,891,980</u>
Capital assets being depreciated:		
Parking garages, lots, rental complex, and administrative building	81,981,012	81,269,144
Office furnishings and equipment	119,186	119,186
Equipment	3,754,796	3,754,796
Right to use subscription asset	268,402	-
Vehicles	311,459	292,459
	<u>86,434,855</u>	<u>85,435,585</u>
Less accumulated depreciation	<u>(33,716,792)</u>	<u>(31,529,225)</u>
	<u>52,718,063</u>	<u>53,906,360</u>
Capital assets, net	<u>60,318,233</u>	<u>59,798,340</u>
Lease receivable, non-current	1,906,029	2,171,945
Net pension asset	-	261,785
Prepaid bond insurance	301,218	324,641
<b>Total Assets</b>	<u>77,347,042</u>	<u>76,140,962</u>
<b>Deferred Outflows of Resources</b>		
Deferred charge on debt refunding, net of accumulated amortization	492,343	601,429
Deferred outflows of resources - pension	<u>350,847</u>	<u>216,391</u>
<b>Total Deferred Outflows of Resources</b>	<u>843,190</u>	<u>817,820</u>

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

	2023	2022
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	119,866	568,008
Due to the City of Lancaster	433,913	602,237
Accrued salaries	109,059	90,901
Revenue received in advance	25,415	68,943
Accrued interest	370,501	382,259
Current portion of subscription liability	53,566	-
Current portion of note payable to City of Lancaster	150,000	150,000
Current portion of revenue bonds payable	2,150,000	2,070,000
Total current liabilities	3,412,320	3,932,348
Non-current liabilities:		
Note payable to City of Lancaster, net of current maturities	2,250,000	2,400,000
Revenue bonds payable, net of current maturities	45,365,000	47,515,000
Net pension liability	247,806	-
Subscription liability, less current portion	161,383	-
Unamortized bond premium	1,928,048	2,179,448
Total non-current liabilities	49,952,237	52,094,448
<b>Total Liabilities</b>	53,364,557	56,026,796
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources - leases	2,343,471	2,538,248
Deferred inflows of resources - pension	10,449	353,881
<b>Total Deferred Inflows of Resources</b>	2,353,920	2,892,129
<b>Net Position</b>		
Net investment in capital assets	15,622,473	12,422,135
Unrestricted	6,849,282	5,617,722
<b>Total Net Position</b>	\$ 22,471,755	\$ 18,039,857

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<b>Operating Revenues:</b>		
Parking garages and lots	\$ 4,739,289	\$ 4,615,894
Parking meters	1,967,263	1,629,055
Parking violations and fines	3,034,258	2,976,526
Total operating revenues	9,740,810	9,221,475
<b>Operating Expenses:</b>		
Operating expenses, excluding depreciation	(5,750,508)	(5,688,533)
Operating income before depreciation	3,990,302	3,532,942
Provision for depreciation	(2,277,086)	(1,829,519)
<b>Operating Income</b>	1,713,216	1,703,423
<b>Nonoperating Revenues (Expenses):</b>		
Contributions from CRIZ	2,692,622	1,920,488
Gain on disposal of assets	35,019	1,000
Investment income (loss)	508,347	(105,971)
Interest expense	(1,467,713)	(1,515,572)
Lease principal revenue	507,765	473,825
Lease interest revenue	49,418	57,580
Miscellaneous income	393,224	187,476
Total nonoperating revenues (expenses)	2,718,682	1,018,826
<b>Change in Net Position</b>	4,431,898	2,722,249
<b>Net Position:</b>		
Beginning of year	18,039,857	15,317,608
End of year	\$ 22,471,755	\$ 18,039,857

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

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 9,918,086	\$ 8,973,571
Cash payments to suppliers for goods and services	(3,620,060)	(5,038,405)
Cash payments to employees for services	(2,349,238)	(2,044,642)
Net cash provided by (used in) operating activities	<u>3,948,788</u>	<u>1,890,524</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital asset purchases	(2,871,749)	(5,484,343)
Interest paid on debt	(1,621,785)	(1,675,379)
Contribution from CRIZ	1,920,488	-
Receipt of principal - leases	507,765	468,470
Receipt of interest - leases	49,418	57,580
Principal paid on subscription liability	(53,453)	-
Cash paid for City of Lancaster loan payable	(150,000)	(150,000)
Payments to redeem debt	(2,070,000)	(1,690,000)
Net cash provided by (used in) capital and related financing activities	<u>(4,289,316)</u>	<u>(8,473,672)</u>
<b>Cash Flows from Investing Activities:</b>		
Sales of investments	681,469	6,716,538
Purchases of investments	(966,487)	-
Interest income received	433,341	79,974
Net cash provided by (used in) investing activities	<u>148,323</u>	<u>6,796,512</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(192,205)</u>	<u>213,364</u>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>4,031,307</u>	<u>3,817,943</u>
End of year	<u><u>\$ 3,839,102</u></u>	<u><u>\$ 4,031,307</u></u>

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



	<u>2023</u>	<u>2022</u>
<b>Reconciliation of Operating Income to Net Cash provided by (used in) Operating Activities:</b>		
Operating income	\$ 1,713,216	\$ 1,703,423
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	2,277,086	1,829,519
Amortization of deferred outflows and inflows of resources - pension	34,804	(89,214)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	220,804	(163,467)
Prepaid expenses	8,124	(36,156)
Net pension asset	261,785	(172,219)
Deferred outflows of resources - pension	(179,758)	(133,503)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and other accrued expenses	(90,293)	(1,168,060)
Due to City of Lancaster	(168,324)	(113,506)
Net pension liability	247,806	-
Revenue received in advance	(43,528)	(84,437)
Deferred inflows of resources - pension	(332,934)	318,144
Net cash provided by (used in) operating activities	<u>\$ 3,948,788</u>	<u>\$ 1,890,524</u>

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

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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### 1. Nature of Activity

The Parking Authority of the City of Lancaster (Authority) was incorporated January 4, 1967, by an ordinance of the City of Lancaster (City), under the Commonwealth of Pennsylvania Parking Authority Law. The governing body of the Authority is a board consisting of five members, all of whom are appointed by the Mayor for a term of five years. The Authority owns various parking garages throughout the City and has issued revenue bonds to acquire or construct the parking facilities. Each of the bond issues is secured by a trust indenture.

As noted in Note 10, the Authority began enforcement of all on-street and off-street parking regulations of the City during the year ended December 31, 2017.

### 2. Summary of Significant Accounting Policies

#### Reporting Entity

The criteria used by the Authority to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. There were no additional entities required to be included in the reporting entity under these criteria for the periods covered by the financial statements.

#### Component Unit

A component unit is a legally separate entity that satisfies at least one of the following criteria: 1) elected officials of a primary government are financially accountable for the entity, or 2) the nature and significance of the relationship between the entity and primary government are such that to exclude the entity from the financial reporting entity would render the financial statements misleading or incomplete. The Authority is a component unit of the City.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and 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

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# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows.

Operating revenues and expenses are distinguished from nonoperating items in the statement of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for parking services and violations and fines for parking enforcement. Operating expenses include the cost of providing parking services, parking enforcement, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority considers all short-term investments with a maturity of one month or less to be cash and cash equivalents.

### Investments

Investments are carried at fair value. The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The Board of Directors is permitted to invest the Authority's funds as defined in the Pennsylvania Parking Authorities Law. Authorized types of investments include U.S. Treasury bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, banker's acceptances, insured or collateralized time deposits, and certificates of deposit. Investment income is recognized when earned.

### Accounts Receivable

Accounts receivable are stated at outstanding balances. With the exception of accrued parking enforcement revenue, which is adjusted for estimated uncollectible amounts, the Authority considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or accounts will be charged to income

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# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged-off accounts are recorded when received. As of December 31, 2023 and 2022, the Authority's allowance for uncollectible accrued parking enforcement revenue was \$990,125 and \$894,295 respectively.

### Subscription Based Information Technology Agreements (SBITA)

The Authority is a lessee for noncancellable software subscriptions. The Authority recognizes a subscription liability and an intangible right-to use subscription asset (subscription asset) as part of capital assets, net of accumulated depreciation on the Statement of Net Position. At the commencement of a subscription, the Authority initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the commencement date, plus certain indirect costs. Subsequently, the subscription asset is amortized on the straight-line basis over its useful life. Key estimates and judgements related to subscription liabilities includes how the Authority determines (1) the discount rate it uses to discount the expected contract payments to present value, (2) subscription term, and (3) subscription payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for subscription contracts.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the liability are composed of fixed payments and purchase options price the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require remeasurement of its subscription liability and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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Subscription assets are reported with equipment and other right of use assets and subscription liabilities are reported with current and non-current liabilities on the Statement of Net Position.

### Leases

The Authority is a lessor for a non-cancellable lease of store fronts and parking spaces. The Authority recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow or resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow or resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### Restricted Assets

The terms of the bond indentures require that certain assets be restricted in favor of the bondholders and for capital projects. Restricted assets represent monies held or receivable by the independent trustee.

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# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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### Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Prepaid bond insurance costs are being amortized using the effective interest rate method over the terms of the bonds.

### Capital Assets

Capital assets (including right to use subscription assets) are carried in the basis of cost. Donated capital assets are recorded at acquisition value at the date of donation. Except for assets acquired through an intra-entity transaction, acquisition value is the price that the Authority would have paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are defined by the Authority as assets with a useful life in excess of one year and an initial individual cost of more than \$5,000. Expenditures for maintenance and repairs are charged against income, whereas major additions and betterments are capitalized. Depreciation is computed on the straight-line method. Estimated useful lives assigned to the various assets are as follows:

Parking garages, lots, rental complex, and administrative building	10 to 40 years
Office furnishings and equipment	5 to 10 years
Equipment	7 to 10 years
Vehicles	5 years
Right to use subscription assets	5 years

Provisions for depreciation amounted to \$2,277,086 and \$1,829,519 for the years ended December 31, 2023 and 2022, respectively.

### Revenue Received in Advance

Parking fees and contract parking income are recognized in the period for which such revenues pertain. Any amounts collected in advance of such periods are reflected in the statements of net position as revenue received in advance.

### Deferred Outflows and Inflows of Resources for Pension

In conjunction with pension accounting requirements, the effect of the differences in the Authority's expected and actual experience, changes in assumptions, difference between

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# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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projected and actual earnings on pension plan investments, and Authority contributions subsequent to the measurement date are recorded as deferred outflows and inflows of resources related to pension on the statements of net position. These amounts are determined based on the most recently available actuarial valuation performed for the pension plan.

### Net Position

Net position is classified between two categories as follows:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding debt associated with capital assets. Deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Debt related to unspent proceeds or other restricted investments are excluded from the determination.

Unrestricted net position consists of amounts that are not restricted for any project or other purpose and are available for Authority operations.

When restricted and unrestricted resources are available for its use, it is the Authority's policy to use unrestricted resources first, then restricted resources as they are needed.

### Use of Estimates

The preparation of the 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 and disclosures. Actual results could differ from those estimates and such differences may be material.

### Risk Management

The Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages in 2023. Settlement amounts have not exceeded insurance coverage for the current year or the two prior years.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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### Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

### Adopted Pronouncements

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*," provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users and requires recognition of certain subscription assets and liabilities based on the contract provisions. The effects of this adoption were not material to beginning net position balances and were adjusted through the statement of net position as any applicable agreements were entered into during the year ended December 31, 2023.

GASB Statement No. 91 (Conduit Debt Obligations) and No. 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements) were also adopted for the year ended December 31, 2023. This statement had no significant impact on the Authority's financial statements for the year ended December 31, 2023.

### Pending Changes in Accounting Principles

GASB has issued statements that will become effective in future years including 100 (Accounting Changes and Error Corrections), 101 (Compensated Absences), and 102 (Certain Risk Disclosures). Management has not yet determined the impact of these statements on the financial statements.



# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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### 3. Deposits and Investments

#### Deposits

The Authority's available cash is invested in demand deposit accounts and petty cash. The carrying amounts of the cash deposits at December 31 consist of the following:

	<u>2023</u>	<u>2022</u>
Cash deposits:		
Cash and cash equivalents	\$ 3,824,927	\$ 4,006,513
Petty cash	<u>14,175</u>	<u>24,794</u>
	<u>\$ 3,839,102</u>	<u>\$ 4,031,307</u>

*Custodial credit risk* - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority has custodial credit risk on cash deposits. The Authority has a deposit policy for custodial credit risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance.

As of December 31, 2023 and 2022, the Authority's cash deposits were \$3,839,102 and \$4,031,307, respectively. The bank balances as of December 31, 2023 and 2022 were \$3,777,931 and \$4,212,946, respectively. At December 31, 2023 and 2022, \$250,000 was covered by federal depository insurance and \$3,527,931 and \$3,962,946, respectively, was collateralized under Act No. 72 (Act) of the 1971 Session of the Pennsylvania General Assembly, in which financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

In July 2017, the Board approved a Board Restricted Cash Reserve Policy (Policy) as a reserve fund to be designated for uses approved by the Board. The Policy sets a target reserve amount of \$3,000,000, with the initial \$500,000 funded by accumulated liquid net assets as the beginning balance, and the remaining \$2,500,000 to be funded over the next five years in increments of \$500,000 per year through funding strategies incorporated into the Authority's annual operating budget. The fund balance has been achieved in 2023.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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### Investments

The Authority is authorized by statutes to invest its funds in certain governmental obligations as described in Note 2. The Authority's investment policy is consistent with these limitations.

The Authority's investments in money market funds are considered Level 1 based on quoted market prices. The Authority's investments in negotiable certificates of deposits and Commercial paper are considered level 2 investments. As of December 31, 2023 and 2022, the Authority had the following investments:

Investments	Fair Value
December 31, 2023	
Unrestricted:	
Money market funds	<u>\$ 707,847</u>
Restricted:	
Money market funds	\$ 4,278,830
Negotiable certificates of deposits	2,053,543
Commercial paper, fixed income	<u>236,303</u>
Total restricted investments	<u>\$ 6,568,676</u>
December 31, 2022	
Unrestricted:	
Money market funds	<u>\$ 445,557</u>
Restricted:	
Money market funds	\$ 2,566,582
Negotiable certificates of deposits	2,459,840
Commercial paper, fixed income	<u>985,751</u>
Total restricted investments	<u>\$ 6,012,173</u>

*Custodial credit risk* - Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Authority does not have a formal policy that would limit its investment choices with regard to custodial credit risk. At

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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December 31, 2023, all investments of the Authority are held by the financial institution's trust department or agency, in the Authority's name.

*Concentration of credit risk* - The Authority places no limits on the amount the Authority may invest in any one issuer.

*Credit risk* - The Authority does not have a formal policy that would limit its investment choices with regard to credit risk. As of December 31, 2023, the Authority's investments in the money market funds were rated AAA. The commercial paper and the negotiable certificates of deposit were not rated.

*Interest rate risk* - As a means of managing its exposure to fair value losses arising from changes in interest rates, the Authority's investment policy permits investments with a maturity date in excess of 18 months, provided market conditions and projected use of funds warrant a longer term. At December 31, 2023, the Authority's investments had average maturities of approximately 3.5 years.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

### 4. Capital Assets

Capital asset activity for the years ended December 31 is as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Capital assets not being depreciated:				
Construction in progress	\$ 80,160	\$ 2,501,270	\$ 793,080	\$ 1,788,350
Land	5,811,820	-	-	5,811,820
Total capital assets not being depreciated	5,891,980	2,501,270	793,080	7,600,170
Capital assets being depreciated:				
Parking garages, lots, and rental complex	81,269,144	711,868	-	81,981,012
Office furnishings and equipment	119,187	-	-	119,187
Equipment	3,754,796	-	-	3,754,796
Right to use subscription asset	-	268,402	-	268,402
Vehicles	292,459	112,000	93,000	311,459
Total capital assets being depreciated	85,435,586	1,092,270	93,000	86,434,856
Less accumulated depreciation for:				
Parking garages, lots, and rental complex	27,846,245	2,152,070	-	29,998,315
Office furnishings and equipment	104,326	9,825	-	114,151
Equipment	3,354,689	36,611	-	3,391,300
Right to use subscription asset	-	53,680	-	53,680
Vehicles	223,965	24,901	89,519	159,347
Total accumulated depreciation	31,529,225	2,277,087	89,519	33,716,793
Total capital assets being depreciated, net	53,906,361	(1,184,817)	3,481	52,718,063
	<u>\$ 59,798,341</u>	<u>\$ 1,316,453</u>	<u>\$ 796,561</u>	<u>\$ 60,318,233</u>

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Capital assets not being depreciated:				
Construction in progress	\$ 32,029,138	\$ 1,966,812	\$ 33,915,790	\$ 80,160
Land	5,811,820	-	-	5,811,820
Total capital assets not being depreciated	37,840,958	1,966,812	33,915,790	5,891,980
Capital assets being depreciated:				
Parking garages, lots, and rental complex	46,141,647	35,127,497	-	81,269,144
Office furnishings and equipment	121,141	-	1,955	119,186
Equipment	3,894,621	267,079	406,904	3,754,796
Vehicles	304,924	-	12,465	292,459
Total capital assets being depreciated	50,462,333	35,394,576	421,324	85,435,585
Less accumulated depreciation for:				
Parking garages, lots, and rental complex	26,050,412	1,795,833	-	27,846,245
Office furnishings and equipment	94,252	12,029	1,955	104,326
Equipment	3,758,633	2,960	406,904	3,354,689
Vehicles	217,733	18,697	12,465	223,965
Total accumulated depreciation	30,121,030	1,829,519	421,324	31,529,225
Total capital assets being depreciated, net	20,341,303	33,565,057	-	53,906,360
	<u>\$ 58,182,261</u>	<u>\$ 35,531,869</u>	<u>\$ 33,915,790</u>	<u>\$ 59,798,340</u>

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### 5. Unamortized Bond Premiums and Deferred Charge on Refunding

The bond premiums of the various issues of the Parking Revenue Bonds are being amortized using the effective interest method over the terms of the bonds. The deferred charge on refunding is being amortized using the effective interest rate method over the remaining lives of the new bond issues. Amortized interest expense totaled (\$142,314) and (\$146,699) during the years ended December 31, 2023 and 2022, respectively.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

The net bond premiums and deferred charge on refunding are as follows:

	Series A of 2016	Series A of 2019	Series A of 2020	Series B of 2020	Total
Balance at December 31, 2021	\$ 5,949	\$ (1,935,249)	\$ 69,728	\$ 134,854	\$ (1,724,718)
2022 interest expense	(2,384)	160,130	(8,657)	(2,390)	146,699
Balance at December 31, 2022	3,565	(1,775,119)	61,071	132,464	(1,578,019)
2023 interest expense	(1,836)	155,197	(8,657)	(2,390)	142,314
Balance at December 31, 2023	<u>\$ 1,729</u>	<u>\$ (1,619,922)</u>	<u>\$ 52,414</u>	<u>\$ 130,074</u>	<u>\$ (1,435,705)</u>

The bond premium (discount) is presented as an addition (reduction) of the outstanding debt in accordance with accounting principles generally accepted in the United States of America. The deferred charge on refunding is shown as a deferred outflow of resources.

## 6. Leases

In 2007, the Authority entered into a lease agreement with Penn Square Partners. The lease provides Penn Square Partners with 300 guaranteed spaces, and the option to modify the Penn Square Garage. As of April 1, 2019, Penn Square Partners leased an additional 117 spaces. All modifications are paid by the Authority upon approval and are then reimbursed by the lessee. In the event of lease termination or cancellation, the lessee is responsible for all expenses required to revert the Penn Square Garage to its original form that existed prior to the lease agreement.

In 2015, the Authority entered into a lease agreement with the Holiday Inn. The lease provides the Holiday Inn with 134 guaranteed spaces for an annual rent of \$80,400. As of April 1, 2019, the Holiday Inn leased an additional 84 spaces for monthly rent of \$10,900. As of August 1, 2020 the agreement was modified up to 215 spaces for monthly rent of \$11,250. The term of the original agreement was for five years, with an option to extend for two additional five-year terms subject to the Authority's right to increase the rent per space based upon then existing market conditions. The agreement has been extended to March 31, 2029, with an option to extend for two additional five-year terms subjects to the Authority's right to increase the rent per space upon then existing market conditions. In addition the Authority leases three small commercial spaces to third parties.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

December 31, 2023 and 2022, the Authority recognized \$504,144 and \$473,825 in lease revenue and \$49,418 and \$57,580 of interest revenue related to these leases, respectively.

The following represents the Authority's receivable for lease payments and deferred inflows of resources associated that will be recognized as revenue over the term of the lease at December 31, 2023.

Lease Term	Lease Receivable	Deferred Inflow of Resources
6/1/18-12/31/27	\$ 1,487,433	\$ 1,408,501
3/5/15-3/31/29	651,366	598,033
12/1/22-11/30/24	23,524	23,272
4/1/22-3/31/25	9,622	9,455
7/1/23-7/1/28	304,459	304,210
Total:	<u>\$ 2,476,404</u>	<u>\$ 2,343,471</u>

The following represents the Authority's receivable for lease payments and deferred inflows of resources associated that will be recognized as revenue over the term of the lease at December 31, 2022.

Lease Term	Lease Receivable	Deferred Inflow of Resources
6/1/18-12/31/27	\$ 1,841,082	\$ 1,760,624
3/5/15-3/31/29	767,872	711,945
12/1/22-11/30/24	48,700	48,659
4/1/22-3/31/25	17,149	17,020
Total	<u>\$ 2,674,803</u>	<u>\$ 2,538,248</u>

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

The expected future payments to be received under the terms of the leases at December 31, 2023 are as follows:

Years	Principal	Interest	Total
2024	\$ 570,375	\$ 44,297	\$ 614,672
2025	552,004	33,066	585,070
2026	561,163	21,953	583,116
2027	572,491	10,625	583,116
2028	187,780	2,673	190,453
Thereafter	32,591	109	32,700
	<u>\$ 2,476,404</u>	<u>\$ 112,723</u>	<u>\$ 2,589,127</u>

### 7. Subscription Based Information Technology Arrangements (SBITA)

During the year ended December 31, 2023, the Authority entered into a subscription agreement for information technology services. This agreement qualifies as a SBITA under GASB 96, which was adopted in the current period as described in Note 2. The agreement is for a term of five years, with annual payments of \$54,023.

Future minimum payments required under SBITA's are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 53,566	\$ 457	\$ 54,023
2025	53,680	343	54,023
2026	53,794	229	54,023
2027	53,909	115	54,024
	<u>\$ 214,949</u>	<u>\$ 1,144</u>	<u>\$ 216,093</u>

### 8. Long-Term Debt

The Parking Revenue Bonds of 1992, Parking Revenue Bonds of 1993, and 2003 Note were secured by a trust indenture dated December 31, 1985, and supplemental trust indentures dated January 15, 1992, December 14, 1993, and January 1, 1996, respectively, all issued by



# **THE PARKING AUTHORITY OF THE CITY OF LANCASTER**

## **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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the Authority to the Trustee. The bonds were payable out of revenue derived principally from the operation of the parking facilities. The City has guaranteed (under the terms of a lease agreement dated December 31, 1985, as amended by supplemental issues dated January 15, 1992, December 14, 1993, and January 1, 1996) debt service payments to the Trustee. In accordance with the Guaranty Agreement, the City is required to make principal and interest payments on the bonds if the Authority fails to generate sufficient revenues to pay debt service. In accordance with the Reimbursement Agreement, if such payments are made by the City, the Authority is required to reimburse the City from any monies available for that purpose under the Trust Indenture.

On December 15, 2016, the 2007 Series B Parking Revenue Bonds were advance refunded and defeased with the issuance of Series A of 2016 Parking Revenue Bonds (Series A of 2016 Bonds). The Series A of 2016 Bonds are secured by a trust indenture dated December 15, 2016. Debt service payments are guaranteed by the City with a guaranty agreement dated December 15, 2016. In accordance with the Guaranty Agreement, the City is required to make principal and interest payments on the bonds if the Authority fails to generate sufficient revenues to pay debt service. In accordance with the Reimbursement Agreement, if such payments are made by the City, the Authority is required to reimburse the City from any monies available for that purpose under the Trust Indenture. The Series A of 2016 Bonds are payable out of revenue derived principally from the operation of the parking facilities. Interest rates on the Series A of 2016 Bonds range from 1.10% to 5.00% through the maturity date of December 1, 2025.

On October 1, 2019, the Authority Issued Series A and B of Guaranteed Parking Revenue Bonds (Series A and B of 2019 Bonds). The issuance of the Series A and B of 2019 Bonds were made to finance the design, planning, acquisition, and construction of an approximately 300 vehicle parking facility and public library. The Series A and B of 2019 Bonds are secured by a trust indenture dated October 1, 2019. Debt service payments are guaranteed by the City with a guaranty agreement dated October 1, 2019. In accordance with the Guaranty Agreement, the City is required to make principal and interest payments on the bonds if the Authority fails to generate sufficient revenues to pay debt service. In accordance with the Reimbursement Agreement, if such payments are made by the City, the Authority is required to reimburse the City from any monies available for that purpose under the Trust Indenture. The Series A and B of 2019 Bonds are payable out of revenue derived principally from the operation of the parking facilities. Interest rates on the Series A and B of 2019 Bonds range from 2.10% to 4.00% through the maturity date of September 1, 2044.

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# **THE PARKING AUTHORITY OF THE CITY OF LANCASTER**

## **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

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On December 1, 2020, the Series of 2016 Bonds were currently refunded and redeemed with the issuance of Series A of 2020 Bonds. The Series A of 2020 Bonds are secured by a trust indenture dated December 1, 2020. Debt service payments are guaranteed by the City with a guaranty agreement dated December 1, 2020. In accordance with the Guaranty Agreement, the City is required to make principal and interest payments on the bonds if the Authority fails to generate sufficient revenues to pay debt service. In accordance with the Reimbursement Agreement, if such payments are made by the City, the Authority is required to reimburse the City from any monies available for that purpose under the Trust Indenture. Interest rates on the Series A of 2020 Bonds range from 2.00% to 3.00% through the maturity date of December 1, 2035.

On December 1, 2020, the Authority Issued Guaranteed Parking Revenue Bonds, Series B of 2020 (Series B of 2020 Bonds). The issuance of the Series B of 2020 Bonds were made to fund additional costs related to the Christian Street Garage construction project. The Series B of 2020 Bonds are secured by a trust indenture dated December 1, 2020. Debt service payments are guaranteed by the City with a guaranty agreement dated December 1, 2020. In accordance with the Guaranty Agreement, the City is required to make principal and interest payments on the bonds if the Authority fails to generate sufficient revenues to pay debt service. In accordance with the Reimbursement Agreement, if such payments are made by the City, the Authority is required to reimburse the City from any monies available for that purpose under the Trust Indenture. Interest rates on the Series B of 2020 Bonds range from 2.00% to 2.55% through the maturity date of December 1, 2044.

In the event of default by the Authority and the City, the Trustee may take and maintain possession of all or any part of the Parking Facilities, and may hold, manage, and operate such Parking Facilities and collect the amounts payable by reason of such operation.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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	Balance January 1, 2023	Additions	Repayments	Balance December 31, 2023	Amounts Due Within One Year
Series A of 2016 Parking Revenue Bonds	\$ 2,835,000	\$ -	\$ 1,055,000	\$ 1,780,000	\$ 1,090,000
Series A of 2019 Parking Revenue Bonds	27,825,000	-	770,000	27,055,000	1,015,000
Series B of 2019 Parking Revenue Bonds	205,000	-	205,000	-	-
Series A of 2020 Parking Revenue Bonds	13,460,000	-	40,000	13,420,000	45,000
Series B of 2020 Parking Revenue Bonds	5,260,000	-	-	5,260,000	-
	<u>\$ 49,585,000</u>	<u>\$ -</u>	<u>\$ 2,070,000</u>	<u>\$ 47,515,000</u>	<u>\$ 2,150,000</u>

	Balance January 1, 2022	Additions	Repayments	Balance December 31, 2022	Amounts Due Within One Year
Series A of 2016 Parking Revenue Bonds	\$ 3,855,000	\$ -	\$ 1,020,000	\$ 2,835,000	\$ 1,055,000
Series A of 2019 Parking Revenue Bonds	27,825,000	-	-	27,825,000	770,000
Series B of 2019 Parking Revenue Bonds	840,000	-	635,000	205,000	205,000
Series A of 2020 Parking Revenue Bonds	13,495,000	-	35,000	13,460,000	40,000
Series B of 2020 Parking Revenue Bonds	5,260,000	-	-	5,260,000	-
	<u>\$ 51,275,000</u>	<u>\$ -</u>	<u>\$ 1,690,000</u>	<u>\$ 49,585,000</u>	<u>\$ 2,070,000</u>

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# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

Future maturities are as follows:

	Principal	Interest	Total
2024	\$ 2,150,000	\$ 1,519,673	\$ 3,669,673
2025	2,245,000	1,425,223	3,670,223
2026	2,390,000	1,333,523	3,723,523
2027	2,470,000	1,251,423	3,721,423
2028	2,560,000	1,166,473	3,726,473
2029-2033	14,135,000	4,492,063	18,627,063
2034-2038	10,185,000	2,553,986	12,738,986
2039-2043	9,350,000	1,180,261	10,530,261
2044	2,030,000	62,750	2,092,750
	<u>\$ 47,515,000</u>	<u>\$ 14,985,375</u>	<u>\$ 62,500,375</u>

### Interest Expense

Interest expense on the bonds, excluding amortization of deferred charge on debt refunding, premiums (discounts), and prepaid insurance, totaled \$1,586,034 and \$1,637,409 for the years ended December 31, 2023 and 2022, respectively.

## 9. Pension Plan

### Plan Description

The Authority's defined benefit pension plan, The Parking Authority of the City of Lancaster Employee Pension Plan, provides retirement, disability, and death benefits to all full-time plan members and their beneficiaries. The plan is a single-employer defined benefit pension plan. The pension plan is affiliated with the Pennsylvania Municipal Retirement System (PMRS), an agent multiple-employer pension plan administered by an independent state agency created by the Pennsylvania General Assembly in 1974 to administer local government pension plans. The PMRS issues a publicly available financial report that includes financial statements and required supplementary information for the PERS. The report may be obtained by writing to Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, Pennsylvania 17108-1165, or via PMRS's website.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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### Benefits Provided

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, grants the authority to establish and amend the benefit terms to the Authority's Board of Directors.

*Normal Benefit* – Normal retirement age is 62 and the annual benefit is determined by multiplying years of credited service times final average salary times .015, whereby final average salary is the average annual compensation during the highest five consecutive years prior to the effective date of retirement. A member is fully vested after ten years of credited service.

*Early Retirement Benefit* – Early retirement is available for those who have at least ten years of service and have attained the age of 55. The benefit will be actuarially reduced for each year and month prior to normal retirement age that early retirement takes place.

*Survivor Benefit* – If a member is eligible to retire at the time of death, their beneficiary receives the present value of the accrued benefit.

*Disability Benefit* – In the instance of a service or non-service related disability, a 30% disability benefit is provided, offset by applicable worker's compensation benefits, to a member who has ten years of service and who is unable to perform gainful employment.

*Cost-of-Living Adjustments* – The Authority has the option to award post-retirement adjustments based on investment performance.

### Plan Membership

Membership of the Plan consisted of the following at the most recent actuarial valuation date of January 1, 2023:

Active employees	23
Inactive employees and beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	<u>14</u>
Total	<u>49</u>

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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### Contributions

Active members are required to contribute 3.50% of their total compensation. Effective February 1, 2016, active members may also contribute up to an additional 16.5% to fund an optional member annuity. The Authority is required to contribute at an actuarially determined rate, as in accordance with Act 205.

During the year ended December 31, 2023, the Authority made a contribution of \$96,773 and the MMO was \$96,773. During the year ended December 31, 2022, the Authority made a contribution of \$57,069. The MMO for the year ended December 31, 2022 was \$57,069. The 2023 and 2022 contributions are reported as deferred outflows of resources at December 31, 2023 and 2022, respectively.

### Changes in the Net Pension Liability (Asset)

Pension information and amounts included in the Authority's statement of net position, footnote disclosures, and Required Supplementary Information are based upon the most currently available information from PMRS.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

The changes in the net pension liability (asset) of the Authority for the years ended December 31, 2023 and 2022 were as follows:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2022 (based on the measurement date of December 31, 2021)	\$ 2,167,725	\$ 2,429,510	\$ (261,785)
Changes for the year:			
Service cost	150,604	-	150,604
Interest	117,824	-	117,824
Differences between expected and actual experience	83,639	-	83,639
Contributions - employer	-	56,109	(56,109)
Contributions - PMRS assessment	-	1,080	(1,080)
Contributions - employee	-	74,499	(74,499)
Net investment income (loss)	-	(282,482)	282,482
Benefit payments, including refunds	(118,501)	(118,501)	-
Administrative expense	-	(6,730)	6,730
Net changes	233,566	(276,025)	509,591
Balances at December 31, 2023 (based on the measurement date of December 31, 2022)	\$ 2,401,291	\$ 2,153,485	\$ 247,806
Plan fiduciary net position as a percentage of the total pension liability			89.68%

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2021 (based on the measurement date of December 31, 2020)	\$ 2,030,276	\$ 2,129,584	\$ (99,308)
Changes for the year:			
Service cost	144,565	-	144,565
Interest	110,331	-	110,331
Differences between expected and actual experience	-	-	-
Contributions - employer	-	54,522	(54,522)
Contributions - PMRS assessment	-	1,020	(1,020)
Contributions - employee	-	71,990	(71,990)
Net investment income (loss)	-	296,579	(296,579)
Benefit payments, including refunds	(117,447)	(117,447)	-
Administrative expense	-	(6,738)	6,738
Net changes	137,449	299,926	(162,477)
Balances at December 31, 2022 (based on the measurement date of December 31, 2021)	<u>\$ 2,167,725</u>	<u>\$ 2,429,510</u>	<u>\$ (261,785)</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>112.08%</u>



# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation performed on January 1, 2023, with liabilities rolled forward to December 31, 2022, using the following actuarial assumptions, applied to all periods in the measurement:

Actuarial assumptions:

Investment rate of return	5.25%
Projected salary increases	2.79%-6.22%
* includes inflation rate of 2.2%	
Post-retirement cost-of-living adjustments	2.2%, subject to plan limitations

Actuarial assumptions based on PMRS Experience Study for the period January 1, 2014 to December 31, 2018

Pre-retirement mortality:

Males: PUB-2010 General Employees male table  
Females: PUB-2010 General Employees femal table

Post-retirement mortality:

Males: RP 2006 Male Annuitant table  
Females: RP 2006 Female Annuitant table

*Long-Term Expected Rate of Return* – The PMRS System’s (System) long-term expected rate of return on plan investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole, and at different levels of probability or confidence. There are four steps to the method used by the System and an in-depth description of the process, including the anticipated rate of return by asset class, can be found at [www.pmrs.state.pa.us](http://www.pmrs.state.pa.us). Based on the four-part analysis, the PMRS Board established the System’s long-term expected rate of return at 7.42%. The rationale for the difference between the System’s long-term expected rate of return and the discount rate can be found at [www.pmrs.state.pa.us](http://www.pmrs.state.pa.us).

*Discount Rate* – The discount rate adopted by the PMRS Board and used to measure the individual participating municipalities’ total pension liability as of December 31, 2022 was 5.25%. The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the discount rate was required, used the following assumptions: 1) member contributions will be made at the current contribution rate, 2) participating plan sponsor contributions will be made at rates equal to the difference between actuarially

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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determined contribution rates and the member rate, and 3) the System's long-term expected rate of return will be used in the depletion testing of the projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate* – The following presents the net pension liability (asset) of the Plan calculated using the discount rates described above, as well as what the Plan's net pension (asset) liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

December 31, 2023:

1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
<u>\$ 536,755</u>	<u>\$ 247,806</u>	<u>\$ 6,842</u>

December 31, 2022:

1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
<u>\$ (1,730)</u>	<u>\$ (261,785)</u>	<u>\$ (478,536)</u>

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

### Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense of \$90,505 and \$55,028, respectively.

At December 31, 2023, the Authority reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 159,765	\$ 10,499
2023 Authority contributions subsequent to the measurement date of December 31, 2022	96,733	-
Changes in assumptions	39,320	-
Net difference between projected and actual earnings on pension plan investments	<u>55,029</u>	<u>-</u>
Total	<u>\$ 350,847</u>	<u>\$ 10,499</u>

At December 31, 2022, the Authority reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 110,092	\$ 20,997
2022 Authority contributions subsequent to the measurement date of December 31, 2021	57,149	-
Changes in assumptions	49,150	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>332,884</u>
Total	<u>\$ 216,391</u>	<u>\$ 353,881</u>

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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The differences in the Authority's expected and actual experience and changes in assumptions are recognized over the average expected remaining service lives of active and inactive members. The difference between projected and actual earnings on the pension plan investments is recognized over five years. Authority contributions made in 2023 (subsequent to measurement date at December 31, 2022) will be recorded as a reduction to the pension liability during the year ending December 31, 2024. Authority contributions made in 2022 (subsequent to measurement date at December 31, 2021) will be recorded as a reduction to the pension liability during the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2024	\$ (17,181)
2025	32,662
2026	82,554
2027	121,681
2028	11,948
Thereafter	<u>11,951</u>
	<u>\$ 243,615</u>

### 10. Transactions with Primary Government – City of Lancaster

During the years ended December 31, 2023 and 2022, the City paid the Authority \$264,804 and \$176,353 respectively, for employee parking. These transactions are reported as parking garages and lots revenue in the statements of revenues, expenses, and changes in net position.

On June 23, 2016, the City and the Authority entered into an Agreement, with the commencement date of January 1, 2017, whereby the Authority will enforce all on-street and off-street parking regulations of the City. The term of the Agreement is three years and may be extended upon agreement by the City and the Authority. In accordance with the Agreement, the Authority shall receive 10% of gross parking enforcement revenue. The Authority is required to annually pay a minimum guaranteed amount of \$500,000 to the City and the City receives the remaining net income for parking enforcement, as defined in Exhibit

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# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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A of the Agreement. Amounts due to the City, as calculated in accordance with Exhibit A of the Agreement, were \$1,365,935 and \$1,603,526 for the years ended December 31, 2023 and 2022, respectively. Of these amounts, \$433,913 and \$602,237 were due to the City as of December 31, 2023 and 2022, respectively.

Eighteen months after the date of the Agreement, the City and Authority agree to meet and review the performance of the Authority and the formula established in Exhibit A of the Agreement. After such meeting, both the City and the Authority have the option to terminate the Agreement upon five months' written notice. On February 10, 2023, the City and the Authority agreed to extend the Enforcement Agreement for an additional five year period to December 31, 2027.

As noted in Note 11, the Authority has a note payable outstanding to the City totaling \$2,400,000 and \$2,550,000 as of December 31, 2023 and 2022, respectively.

### **11. Related Party Transactions, Intra-entity Transfers, and Note Payable to the City**

On June 19, 2019, the Authority purchased the North Queen Street Garage from the Redevelopment Authority of the City of Lancaster (RACL) through the issuance of a \$3,000,000 unsecured note payable. As the Authority and RACL are both component units of the City, the asset purchase was treated as an intra-entity transaction and RACL's net book value of the asset at the time of the transaction was used for recording the acquisition. The Authority recorded \$897,583 and \$7,474,697 of land and building respectively as part of the transaction in 2019.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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During the year ended December 31, 2019, RACL assigned the outstanding note payable to the City. The Authority will make an annual payment in the amount of \$150,000 over a 20-year period to satisfy the unsecured note payable to the City. See below for the note maturity schedule as of December 31, 2023:

	Principal
2024	\$ 150,000
2025	150,000
2026	150,000
2027	150,000
2028	150,000
2029-2033	750,000
2034-2038	750,000
2039	150,000
	<u>\$ 2,400,000</u>

During the year ended December 31, 2018, the Authority and the City of Lancaster City Revitalization and Improvement Zone Authority (CRIZ), a component unit of the City, entered into a contract whereby CRIZ agreed to grant \$1,000,000 to the Authority for the purchase of property at 151 North Queen Street. In April 2019, the CRIZ's board approved to increase funding by an additional \$200,000 for the property purchase. The property purchase is for the purpose of constructing a building which will house the Lancaster Public Library, retail space, and 367 space public parking garage. In addition to funding the property purchase, the contract also provides up to 100% of the annual increment created by the tenants of 101 North Queen Street, the Holiday Inn, and tenants of the retail space of the project to the Authority to pay future debt service payments on one or more bonds to be issued by the Authority in order to construct the building. Such CRIZ payments shall continue until the future bonds are retired or the Commonwealth of Pennsylvania City Revitalization and Improvement Zone program ends, whichever is first to occur. CRIZ reasonably estimates that upon completion of the project, the amount of the annual increment to be received by the Authority shall be \$2,000,000. During the year ended December 31, 2023, the CRIZ's board approved to increase additional funding for 2023 and 2024. On or before October 30 of each year, CRIZ shall certify in writing to the Authority the amount of the annual increment that the Authority shall receive for that year. During the years ended December 31, 2023 and 2022, CRIZ contributions totaled \$2,692,622 (included in accounts receivable as of December 31, 2023) and \$1,920,488, respectively.

# THE PARKING AUTHORITY OF THE CITY OF LANCASTER

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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In March 2020, the Authority and the Lancaster Public Library (Library) entered into an agreement whereby the Authority will lease space to the Library in the new Christian Street mixed-use parking garage building upon project completion. The Library is responsible for all costs incurred to complete the work on the library structure in order to prepare it for use as a public library. The lease commences once the Library takes occupancy of the space and the term is 99 years with monthly rent payments of \$0.

During 2023, a suit was filed by the Library claiming the Authority is responsible for maintenance and repairs. Mediation is set for summer 2024 to resolve the matter and the Authority seeks to limit obligations.

### **12. Commitments**

The Authority is finalizing the two construction contracts entered into in 2022 for the Duke Street Garage. The commitment outstanding was \$337,946 as of December 31, 2023. Final project completion will occur in 2024.

### **13. Subsequent Events**

Subsequent to year end, the Authority entered into a \$4.2 million plan quote for various stair and concrete repairs over a three-year period. Work is expected to commence in the summer of 2024.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**LANCASTER PARKING AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION -**  
**SCHEDULE OF CHANGES IN THE PENSION PLAN'S**  
**NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**

	2023*	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability:</b>									
Service cost	\$ 150,604	\$ 144,565	\$ 144,402	\$ 166,423	\$ 156,403	\$ 97,605	\$ 69,238	\$ 64,414	\$ 34,602
Interest	117,824	110,331	91,520	85,763	81,652	75,453	72,523	71,493	70,961
Changes in benefits	-	-	26,367	-	-	-	-	-	-
Benefit payments, including refunds	(118,501)	(117,447)	(142,465)	(104,098)	(102,194)	(107,021)	(123,976)	(119,340)	(137,991)
Changes in assumptions	-	-	68,810	-	-	-	30,135	3,220	-
Differences between expected and actual experience	83,639	-	154,128	-	(62,989)	-	38,482	-	3,085
<b>Net Changes in Total Pension Liability</b>	<b>\$ 233,566</b>	<b>137,449</b>	<b>342,762</b>	<b>148,088</b>	<b>72,872</b>	<b>66,037</b>	<b>86,402</b>	<b>19,787</b>	<b>(29,343)</b>
<b>Total Pension Liability - Beginning</b>	<b>2,167,725</b>	<b>2,030,276</b>	<b>1,687,514</b>	<b>1,539,426</b>	<b>1,466,554</b>	<b>1,400,517</b>	<b>1,314,115</b>	<b>1,294,328</b>	<b>1,323,671</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 2,401,291</b>	<b>\$ 2,167,725</b>	<b>\$ 2,030,276</b>	<b>\$ 1,687,514</b>	<b>\$ 1,539,426</b>	<b>\$ 1,466,554</b>	<b>\$ 1,400,517</b>	<b>\$ 1,314,115</b>	<b>\$ 1,294,328</b>
<b>Plan Fiduciary Net Position:</b>									
Contributions - employer	\$ 57,189	\$ 55,542	\$ 75,437	\$ 64,525	\$ 31,163	\$ 19,000	\$ 20,875	\$ 5,112	\$ 7,687
Contributions - employees	74,499	71,990	82,679	95,042	81,810	47,920	31,547	24,532	16,561
Net investment income (loss)	(282,482)	296,579	341,984	281,068	(179,827)	247,783	143,577	(43,585)	104,945
Benefit payments, including refunds	(118,501)	(117,447)	(142,465)	(104,098)	(102,194)	(107,021)	(123,976)	(119,340)	(137,991)
Administrative expense	(6,730)	(6,738)	(5,131)	(4,055)	(4,354)	(4,314)	(4,590)	(3,948)	(3,843)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ (276,025)</b>	<b>299,926</b>	<b>352,504</b>	<b>332,482</b>	<b>(173,402)</b>	<b>203,368</b>	<b>67,433</b>	<b>(137,229)</b>	<b>(12,641)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>2,429,510</b>	<b>2,129,584</b>	<b>1,777,080</b>	<b>1,444,598</b>	<b>1,618,000</b>	<b>1,414,632</b>	<b>1,347,199</b>	<b>1,484,428</b>	<b>1,497,069</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 2,153,485</b>	<b>\$ 2,429,510</b>	<b>\$ 2,129,584</b>	<b>\$ 1,777,080</b>	<b>\$ 1,444,598</b>	<b>\$ 1,618,000</b>	<b>\$ 1,414,632</b>	<b>\$ 1,347,199</b>	<b>\$ 1,484,428</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ 247,806</b>	<b>\$ (261,785)</b>	<b>\$ (99,308)</b>	<b>\$ (89,566)</b>	<b>\$ 94,828</b>	<b>\$ (151,446)</b>	<b>\$ (14,115)</b>	<b>\$ (33,084)</b>	<b>\$ (190,100)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>89.7%</b>	<b>112.1%</b>	<b>104.9%</b>	<b>105.3%</b>	<b>93.8%</b>	<b>110.3%</b>	<b>101.0%</b>	<b>102.5%</b>	<b>114.7%</b>
<b>Covered Employee Payroll</b>	<b>\$ 1,250,576</b>	<b>\$ 1,192,581</b>	<b>\$ 1,327,043</b>	<b>\$ 1,535,928</b>	<b>\$ 1,364,462</b>	<b>\$ 910,049</b>	<b>\$ 696,471</b>	<b>697,602</b>	<b>396,954</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll</b>	<b>19.82%</b>	<b>-21.95%</b>	<b>-7.48%</b>	<b>-5.83%</b>	<b>6.95%</b>	<b>-16.64%</b>	<b>-2.03%</b>	<b>-4.74%</b>	<b>-47.89%</b>

\* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - pension plan.

**LANCASTER PARKING AUTHORITY**  
**REQUIRED SUPPLEMENTARY INFORMATION -**  
**SCHEDULE OF AUTHORITY PENSION CONTRIBUTIONS**

	<u>2023*</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution under Act 205	\$ 57,069	\$ 55,502	\$ 75,417	\$ 64,365	\$ 31,043	\$ 18,720	\$ 20,835	\$ 5,032	\$ 6,907	\$ 2,736
Contribution in relation to the actuarially determined contribution	<u>57,189</u>	<u>55,542</u>	<u>75,437</u>	<u>64,525</u>	<u>31,163</u>	<u>19,000</u>	<u>20,875</u>	<u>5,112</u>	<u>7,687</u>	<u>2,736</u>
Contribution deficiency (excess)	<u>\$ (120)</u>	<u>\$ (40)</u>	<u>\$ (20)</u>	<u>\$ (160)</u>	<u>\$ (120)</u>	<u>\$ (280)</u>	<u>\$ (40)</u>	<u>\$ (80)</u>	<u>\$ (780)</u>	<u>\$ -</u>
Covered employee payroll	<u>\$1,250,576</u>	<u>\$1,192,581</u>	<u>\$1,327,043</u>	<u>\$1,535,928</u>	<u>\$1,364,462</u>	<u>\$910,049</u>	<u>\$696,471</u>	<u>\$697,602</u>	<u>\$396,954</u>	
Contributions as a percentage of covered employee payroll	4.57%	4.66%	5.68%	4.20%	2.28%	2.09%	3.00%	0.73%	1.94%	

\* The amounts presented for each fiscal year were determined as of the measurement date, which is the December 31 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information - pension plan.

# LANCASTER PARKING AUTHORITY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

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### 1. Actuarial Methods and Assumptions

The information presented in the required supplementary information was determined as part of the actuarial valuation at the date indicated. Methods and assumptions used to determine the contribution rate required under Act 205 for the year ended December 31, 2022 (presented as the subsequent year on the preceding schedules) are as follows:

Actuarial valuation date	1/1/2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	Based on periods in Act 205
Asset valuation method	Based on the municipal reserves
Actuarial assumptions:	
Investment rate of return	5.25%
Projected salary increases	Age related scale with merit and inflation component
Underlying inflation rate	2.8%
Post-retirement cost-of-living adjustment increase	2.2%, subject to plan limitations
Pre-retirement mortality:	

Male: RP 2000 with Non-Annuitant Male table projected 15 years with Scale AA

Females: RP 2000 with Non-Annuitant Female table projected 15 years with Scale AA, setback five years

Post-retirement mortality:

Males: RP 2000 with Annuitant Male table projected 5 years with Scale AA

Females: RP 2000 with Annuitant Female table projected 10 years with Scale

# LANCASTER PARKING AUTHORITY

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

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### **2. Changes in Actuarial Assumptions**

The December 31, 2015 assumptions were based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015 first effective.

The December 31, 2016 investment return assumption for municipal assets decreased from 5.50% to 5.25%.

Effective with the December 31, 2020 measurement date were the following assumption changes: the experience study was updated from January 1, 2009 through December 31, 2013 to January 1, 2014 through December 31, 2018; mortality tables were updated from RP 2000 to PUB-2010 for pre-retirement and RP 2006 for post-retirement; post-retirement cost of living decreased from 2.8% to 2.2%; and projected salary increases were also adjusted.