

REVENUE AUTHORITY OF PRINCE GEORGE'S COUNTY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2021

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Independent Auditor's Report

To the Board of Directors
Revenue Authority of Prince George's County, Maryland
Largo, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the Revenue Authority of Prince George's County, Maryland (the "Authority"), a component unit of Prince George's County, Maryland, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, (“GASB”), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority’s basic financial statements. The combining statement of net position and statement of revenues, expenses and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statement of net position and statement of revenues, expenses and changes in net position have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.



Baltimore, Maryland
November 30, 2021

**REVENUE AUTHORITY OF
PRINCE GEORGE’S COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This discussion and analysis of the Revenue Authority of Prince George’s County (the “Authority”), a component unit of Prince George’s County, Maryland, provides an overview of the financial activities for the fiscal year ended June 30, 2021. Please read this in conjunction with the Authority’s basic financial statements, which begin on page 9.

Financial Highlights

- Cash, cash equivalents and investments for the year ended June 30, 2021 was \$26,487,768.
- Assets exceeded liabilities by \$43,408,021 as of June 30, 2021. The significant component of the Authority’s net position, about 44.2% or \$19,200,000 was recorded as Undesignated Funds, which is considered unrestricted.
- Operating loss for the year ended June 30, 2021 totaled (\$432,506).

Using This Annual Report

This annual report consists of a series of financial statements: The Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the financial position of the Authority on a full accrual historical cost basis. Net Position is the difference between what the Authority possesses in assets less all amounts due to outside parties, both short-term and long-term. Increases or decreases in the Authority’s net position are indicators of whether the Authority’s financial health is improving or deteriorating.

The Statement of Revenues, Expenses and Change in Net Position presents the results of the activities over the course of the year showing how the net position changed during the year.

The Statement of Cash Flows presents changes in cash, cash equivalents and investments, resulting from operating, financing, and investing activities.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Summary of Statement of Net Position

	<u>2021</u>	<u>2020</u>
Current assets	\$ 52,131,229	\$ 60,103,472
Capital assets	65,625,683	52,815,337
Noncurrent assets	<u>30,111,283</u>	<u>32,904,384</u>
 Total assets	 <u>147,868,195</u>	 <u>145,823,193</u>
 Current liabilities	 12,222,680	 9,529,406
Noncurrent liabilities	<u>92,237,494</u>	<u>95,002,421</u>
 Total liabilities	 <u>104,460,174</u>	 <u>104,531,827</u>
 Net investment in capital assets	 5,599,050	 10,303,074
Restricted	2,790,850	2,902,717
Unrestricted		
Equity Investments in Joint Ventures	5,794,726	5,794,726
Designated	10,023,395	3,892,067
Undesignated	<u>19,200,000</u>	<u>18,398,782</u>
 Total net position	 <u>\$ 43,408,021</u>	 <u>\$ 41,291,366</u>

The largest portion of the Authority's assets is capital assets being depreciated, consisting of Building and Property Plant & Equipment, which makes up \$33,402,924 of total assets. The largest portion of the Authority's liabilities are bonds payable, which represents \$94,570,274 of the total liabilities. Net position increased by \$2,116,655 for fiscal year 2021.

On January 15, 2021, the Authority settled on the sale of land consisting of Parcel 1 and Parcel 2, St. Joseph's Drive, Bowie, Maryland containing approximately 20.5 acres. Land assets were reduced by \$1,917,400.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Summary of Statement of Revenues, Expenses and Change in Net Position

	<u>2021</u>	<u>2020</u>
Total operating revenues	\$ 13,035,542	\$ 15,341,318
Total operating expenses	(13,468,048)	(18,235,586)
Operating income (loss)	(432,506)	(2,894,268)
Net non-operating income (loss)	2,549,161	(538,619)
Change in net position	2,116,655	(3,432,887)
Net position, beginning of year	41,291,366	44,724,253
Net position, end of year	<u>\$ 43,408,021</u>	<u>\$ 41,291,366</u>

The Authority's two major areas of revenue collections are parking operations and rental income from the County related to the leasing of certain parking garage facilities. Revenues from parking operations consist of collections of daily and monthly parking fees, parking meters, and parking violations. Revenue from parking operations was \$10,543,351 in fiscal year 2021.

The Authority has acquired various properties for redevelopment in the Suitland Town Center beginning during fiscal year 2016. The revenue earned from the lease property related to the Suitland Town Center was \$36,608 during fiscal year June 30, 2021.

Management fee income related to the Red-Light Camera Enforcement Program, False Alarm Reduction Unit ("FARU") and School Bus Stop Arm Enforcement Program was \$460,686, \$67,879 and \$52,075, respectively, in fiscal year 2021. The management fee earned was 12.5% of gross revenues for three programs.

Management fee income related to the Automated Speed Enforcement Program was \$17,321 in fiscal year 2021. The management fee earned was 2% of net revenues for the program.

Management fee income related to operating programs was \$640,324 in fiscal year 2021.

The COVID-19 pandemic greatly reduced revenue collections for parking operations and management fees for the fiscal year compared to the same period in 2019.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Collection fee income was \$91,800 in fiscal year 2021.

Other income was \$465,498 in fiscal year 2021.

The Authority received certain funds to cover portion of debt service due during the fiscal year ended June 30, 2021. These amounts included \$1,488,660 of debt service related to the Series 2016 Bonds and \$968,369 of the Series 2018 Bonds.

The Authority's three major areas of operating expenses are parking operations, general and administrative, and depreciation, amortization, and impairment expenses.

Expenses related to the parking operations for fiscal year 2021 were \$9,247,337 or 70.94% of total operating revenues.

General and administrative expenses were \$2,952,986, which primarily consists of the salaries of administrative personnel and related overhead and facilities expenses. As a percentage of total operating revenues, general and administration expenses were 22.65% for fiscal year 2021.

Depreciation and amortization incurred during the year ended June 30, 2021 was \$677,153.

Rent payment to Prince George's County for fiscal year 2021 was \$30 based on terms in the ground lease.

Repair and maintenance expenses for leased property totaled \$590,542.

Non-operating revenues (expenses) consist of revenues from the sale of capital assets, the reimbursement revenues from the County related to bond debt service, interest income on short-term investments and interest charges on long-term debt. Net non-operating income was \$2,549,161 in fiscal year 2021.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Capital Assets

The Authority's capital assets, net of accumulated depreciation, amortization, and impairment, are presented in the following table as of June 30, 2021 and 2020.

	Capital Assets as of June 30	
	<small>(net of accumulated depreciation/amortization/impairment)</small>	
	2021	2020
Capital assets not being depreciated		
Land	\$ 29,188,578	\$ 31,105,978
Construction in progress	3,034,181	20,535,203
Total capital assets not being depreciated	<u>32,222,759</u>	<u>51,641,181</u>
Capital assets being depreciated, net		
Parking structures	31,702,006	41,780
Parking equipment	1,073,836	162,091
Office equipment	52,096	77,089
Meters	57,006	72,114
Vehicles	420,205	513,871
Leasehold improvements	97,774	307,211
Total capital assets being depreciated, net	<u>33,402,924</u>	<u>1,174,156</u>
Total	<u><u>\$ 65,625,683</u></u>	<u><u>\$ 52,815,337</u></u>

Total additions for the year, net of disposals, is \$12,872,354. Total depreciation and amortization for the year were \$677,153.

The Authority completed the construction of a 1,160-space garage in May of 2021. The garage is recorded as a parking structure with a value of \$31,725,384 and will be depreciated over its respective life beginning as of June 30, 2021.

Additional information related to capital assets can be found in Note 6 to the financial statements.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Debt

The Authority's long-term debt is presented in the following table as of June 30, 2021 and 2020.

	Long-Term Debt	
	2021	2020
Lease Revenue Bonds	\$ 25,305,000	\$ 27,600,000
Premium on Lease Revenue Bonds	1,396,557	1,554,658
Special Obligation Bonds	27,725,000	27,900,000
Premium on Special Obligation Bonds	143,717	149,983
Revenue Bonds	40,000,000	40,000,000
Capital Leases	450,351	607,871
Total	\$ 95,020,625	\$ 97,812,512

Additional information on the Authority's long-term debt can be found in the notes to the financial statements, Notes 7 and 10.

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Authority's finances and show the Authority's accountability for the money it earns. If you have any questions about this report or need additional financial information, please contact us at 1300 Mercantile Lane, Suite 108, Largo, Maryland 20774.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2021**

Assets	
Current assets	
Cash, cash equivalents and investments (Note 2)	\$ 13,631,944
Restricted cash (Note 2)	12,855,824
Parking and other receivables, net	21,553,551
Due from Prince George's County (Note 13)	1,567,466
Lease receivable (Note 4)	2,385,000
Other current assets	<u>137,444</u>
Total current assets	<u>52,131,229</u>
Noncurrent assets	
Lease receivable (Note 4)	24,316,557
Equity investments in joint ventures (Note 5)	5,794,726
Capital assets not being depreciated (Note 6)	32,222,759
Capital assets being depreciated, net (Note 6)	<u>33,402,924</u>
Total Noncurrent assets	<u>95,736,966</u>
Total assets	<u>147,868,195</u>
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	4,205,995
Unearned revenue (Note 10 & 14)	2,040,086
Due to affiliates	1,780,755
Capital lease obligations, current portion (Note 7)	173,131
Bonds interest payable (Note 10)	1,412,713
Bonds payable (Note 10)	<u>2,610,000</u>
Total current liabilities	<u>12,222,680</u>
Noncurrent liabilities	
Bonds payable (Note 10)	91,960,274
Capital lease obligations, net of current portion	<u>277,220</u>
Total Noncurrent liabilities	<u>92,237,494</u>
Total liabilities	<u>104,460,174</u>
Net Position	
Net investment in capital assets	5,599,050
Restricted (Note 11)	
Bond reserve fund for Series 2016 bonds	2,000,000
County supplement for Suitland land acquisitions	772,713
Closed circuit television repair and replacement	18,137
Unrestricted	
Equity investments in joint ventures (Note 5)	5,794,726
Designated (Note 12)	10,023,395
Undesignated	<u>19,200,000</u>
Total Net Position	<u><u>\$ 43,408,021</u></u>

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

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY**
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Operating Revenues	
Parking operations	\$ 10,543,351
Rental income from Prince George's County	660,000
Rental income from leased property	36,608
Management fee - red light camera	460,686
Management fee - false alarm	67,879
Management fee - automated speed enforcement	17,321
Management fee - school bus stop arm enforcement	52,075
Management fee - operating programs	640,324
Collection fees	91,800
Other	465,498
	<hr/>
Total operating revenues	13,035,542
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Operating Expenses	
Parking operations	9,247,337
General and administrative	2,952,986
Depreciation and amortization	677,153
Rental payment to Prince George's County	30
Repair and maintenance for leased property	590,542
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Total operating expenses	13,468,048
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Operating loss	(432,506)
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Non-Operating Revenues (Expenses)	
Gain on sale of capital assets	3,755,741
Debt service reimbursement for 2016 Bond Series	1,488,660
Debt service reimbursement for 2018 Bond Series	968,369
Interest income	13,020
Interest expense	(3,676,629)
	<hr/>
Net non-operating income	2,549,161
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Change in net position	2,116,655
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Net position, beginning of year	41,291,366
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Net Position, End of Year	\$ 43,408,021
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The accompanying notes are an integral part of these financial statements.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

Cash flows from operating activities	
Cash received from operations	\$ 12,157,683
Cash paid to suppliers	(6,940,807)
Cash paid to employees	(4,852,776)
Cash paid to board members	<u>(65,600)</u>
Net cash provided by operating activities	<u>298,500</u>
Cash flows from capital and related financing activities	
Notes payable and capital leases	
Purchases of capital assets, constructed or acquired	(15,189,494)
Proceeds from sale of capital assets	5,750,000
Payment of closing costs	(71,002)
County contributions related to debt service	2,457,030
Principal paid on capital leases from operations	(378,787)
Principal paid on bonds from operations	(181,266)
Interest paid from operations	<u>(3,702,401)</u>
Net cash used in capital and related financing activities	<u>(11,315,921)</u>
Cash flows from investing activities	
Investment earnings	<u>13,020</u>
Net cash provided by investing activities	<u>13,020</u>
Net decrease in cash, cash equivalents, investments and restricted cash	(11,004,400)
Cash, cash equivalents, investments and restricted cash, beginning of year	<u>37,492,168</u>
Cash, cash equivalents, investments and restricted cash, end of year	<u>\$ 26,487,768</u>
Non-cash capital and related financing activities:	
Acquisition of capital lease	\$ 221,266
Debt repayments offset through County lease activity	2,453,101
Net non-cash provided by capital and related financing activities	<u>\$ 2,674,367</u>
Cash, cash equivalents, investments and restricted cash	
Cash, cash equivalents and investments	\$ 13,631,944
Restricted cash	12,855,824
Total cash, cash equivalents, investments and restricted cash	<u>\$ 26,487,768</u>

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

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	\$ (432,506)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	677,153
Bad debt recovery	(222,909)
Effect of changes in operating assets and liabilities:	
Accounts receivable	(2,402,634)
Other current assets	(44,736)
Due from Prince George's County	(21,877)
Accounts payable and accrued expenses	373,876
Unearned revenue	1,358,431
Due to affiliates	1,013,701
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Net cash provided by operating activities	\$ 298,500
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The accompanying notes are an integral part of these financial statements.

**REVENUE AUTHORITY OF
PRINCE GEORGE’S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Revenue Authority of Prince George’s County (the “Authority”) is a body corporate and politic established under the authority of Maryland law passed in 1996. In 1997, the County Council of Prince George’s County, Maryland (the “County”) enacted legislation to create a separate entity whose purpose is to exercise its powers for projects within the boundary lines of the County devoted wholly or partially for public uses, goods, or general welfare, and to stimulate employment and economic growth. The Authority is a component unit of the County. The Authority has seven board members and two ex-officio members. The County Executive appoints five board members and the County Council appoints two board members. The County Executive and County Council have oversight responsibility for review of the Authority’s operating and approval of the capital improvement budgets.

Basis of Accounting

The Authority is an enterprise fund and prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned and expenses are recognized when incurred. The Authority applies all relevant Governmental Accounting Standards Board (“GASB”) pronouncements.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority’s ongoing operations. The principal operating revenues of the Authority are revenues generated from its parking operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash, Cash Equivalents, and Investments

The Authority considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents, except for the liquid instruments held as part of investments under the Maryland Local Government Investment Pool (the MLGIP, which is considered an External Investment Pool).

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The External Investment Pools operate in conformity with all of the requirements of the Securities and Exchange Commission ("SEC") Rule 2(a)-7 as promulgated under the Investment Compact Act of 1940, as amended. Accordingly, the External Investment Pools qualify as 2(a)7-like pools and are reported at the net asset value per share which is calculated using the amortized cost method.

Equity investments in Joint Ventures - Brentwood

Cost Method

For equity investments where the Authority does not control the investee, and where it is not the primary beneficiary of the joint venture and cannot exert significant influence over the financial and operating policies of the investee, the Authority follows the cost method of accounting. Under the cost method of accounting, dividends/priority returns received from the investment are recorded as dividend income within non-operating income.

Impairments

The Authority's management periodically assesses its cost method of accounting investments for impairment. If circumstances indicate that impairment may exist, investments are evaluated using fair values, where available, or the expected future cash flows of the investment. If the undiscounted expected future cash flows are lower than the Authority's carrying value of the investment, an impairment charge is recorded in non-operating income in the statement of revenues, expenses and change in net position.

Parking and Other Receivables

Accounts receivable consists primarily of amounts due from violations and related fees for parking operations which are recorded when considered earned. The allowance is based on management's analysis of specific accounts. An allowance for doubtful accounts has been established based on a pro-rated evaluation of aged citations as well as whether the citations were issued to violators within or outside of the State of Maryland. The allowance for doubtful accounts was \$44,086,378 at June 30, 2021. The Authority will write-off citations when they are deemed uncollectable and have aged out for 10 years. The Authority wrote off \$3,672,751 of citations in fiscal year 2021 that had aged over 10 years.

Capital Assets

Capital assets are recorded at cost. The Authority capitalizes all expenditures for property and equipment over \$500. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

range from 2 to 30 years, or the lesser of the useful life of the asset or the lease period for capital leases. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

In accordance with GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, the Authority compares the carrying amount of the capital asset to its fair value to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value.

Recognition of Interest During Construction

In accordance with GASB 89, *Accounting for Interest Cost Incurred Before the End of Construction Period*, interest will be expensed as incurred with relation to the funding of the construction of the University of Maryland Regional Medical Center Garage Project. During FY 2021, the amount of interest expense incurred before the end of construction totaled \$1,334,176.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The Authority did not have any deferred outflows or deferred inflows at June 30, 2021. Net investment in capital assets consists of capital assets, net of accumulated depreciation, amortization, and any impairment adjustments, reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Unrestricted net position represents resources available to meet the general operations of the Authority and may be used to meet current expenses for any purpose. The Authority's policy is to first apply restricted resources for which restricted or unrestricted net position is available.

Net position is reported as restricted where there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations. Unrestricted net position is reported as designated where there are limitations imposed by the Board of Directors.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues

Revenues are recognized during the year in which they are earned. Unearned revenues are recorded for fees that have not yet been earned.

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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments and Credit Risk

Financial instruments that potentially subject the Authority to concentrations of credit risk consist principally of investments held at creditworthy financial institutions. By policy, these investments are kept within limits designed to prevent risks caused by concentration. Credit risk with respect to trade and other receivables is limited because the Authority deals with a large number of customers.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are composed of the following at June 30, 2021.

Cash deposits	\$ 2,521,249
Petty cash	6,955
Harbor Bank Certificate of Deposit	106,912
Zions Bank - Bond Trustee*	5,551,141
BNY Mellon - Bond Trustee*	7,304,683
Maryland Local Government Investment Pool	<u>10,996,828</u>
Total cash, cash equivalents and investments	<u>\$ 26,487,768</u>

*Restricted Cash

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investment Policy

The Authority's primary objective for the management of its funds is the protection of investment principal in the overall portfolio through the use of diversification and third-party collateralization while maintaining sufficient liquidity to meet all cash flow requirements. The secondary objective is to maximize investment return consistent with risk limitations.

The Authority is authorized to invest in U.S. Government Securities, U.S. Agency Securities, repurchase agreements, certificates of deposit and time deposits, pooled Investments created under the "MLGIP and money market mutual funds as stipulated in the Authority's investment policy.

The Authority participates in the MLGIP, which is an external investment pool that is not subject to regulation by the SEC. The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is under the administration of the Maryland State Treasurer, subject to oversight by the MLGIP Advisory Committee. Participation is voluntary and eligibility is regulated by MLGIP Local Government Article. The Authority adopted GASB Statement 79, *Certain External Investment Pools and Pool Participants*, which requires disclosure of specific criteria regarding external investment pools. The MLGIP is managed in a "Rule 2(a)-7 like" manner and is reported at amortized cost pursuant to Rule 2(a)-7 under the Investment Company Act of 1940 at \$1 per share value. Financial statements and required supplemental information for the MLGIP can be obtained in writing from: Maryland Local Government Investment Pool; c/o PNC Institutional Investments Group; One East Pratt Street; Baltimore, Maryland, 21202; by calling 1-800-492-5160, or the website, www.mlgip.com. The MLGIP is rated AAAM by Standard & Poor's, their highest rating for money market mutual funds.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk involves disclosing the credit quality of investments in debt securities as described by nationally recognized rating agencies.

The Authority's cash balances consist of demand and money market accounts. These accounts are maintained at federally insured commercial banks. Excess cash is invested in overnight repurchase agreements ("Repos") with a commercial bank. Repos are secured by U.S. Treasury or Agency securities. The collateral, in an amount not less than 102% of the fair market value of the securities, is held by the bank's trust department in the Authority's name. In addition, the Authority has funds in the MLGIP, which are considered cash equivalents.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits that are in the possession of an outside party. Custodial credit risk for investments is the risk that securities are uninsured, unregistered, and held by the Authority, or by its trust department or agent, but not in the Authority's name. All funds deposited by the Authority are held by independent third-party financial institutions (custodians) and are secured by collateral that is above the level required by the Public Funds law of the State of Maryland (102%). As of June 30, 2021, there was \$2,025,298 of uninsured cash that is collateralized by securities held by the pledging financial institution.

Investment Rate Risk

Interest rate risk is the risk that changes in the market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity as of June 30, 2021:

**REVENUE AUTHORITY OF
PRINCE GEORGE’S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investment type	Less than 6 Months	6 to 12 Months	1 to 3 Years	Total
MLGIP	\$ 10,996,828	\$ -	\$ -	\$ 10,996,828
Certificates of Deposit	-	106,912	-	106,912
	<u>\$ 10,996,828</u>	<u>\$ 106,912</u>	<u>\$ -</u>	<u>\$ 11,103,740</u>

NOTE 3: NOTE RECEIVABLE

On August 7, 2019, the Authority executed a Line of Credit Agreement and Promissory Note with GFM Addison Plaza, LLC (“GFM”). The Authority provided funding in the amount of \$250,000 to GFM for the development of a grocery store in Seat Pleasant, Maryland. GFM can draw funds from the line of credit for a period of four (4) years and six (6) months. The entire agreement expires ten years from the date of execution of the agreement. The note accrues interest at 2% per annum and is computed on a basis of actual days elapsed in a 360-day year. Interest earned during the year ended June 30, 2021 was \$5,000.

The repayment period for the outstanding principal, accrued interest and fees shall commence on the first day of the fifth anniversary of the execution of the agreement and continue on the first day of each month thereafter. The Authority, at its sole discretion, forgave all amounts due under this agreement as of June 30, 2021. The total amount of the forgiveness was \$259,556 which included the principal amount of the line of credit and any accrued interest earned.

On August 7, 2019, the Authority executed a Reimbursement Agreement with the County in relation to the funds advanced by the Authority to GFM. Per the agreement, the County will reimburse the Authority annually for any outstanding advances made under the Line of Credit Agreement with GFM. As of June 30, 2021, reimbursement with interest will be received by the Authority from the County in the amount of \$259,206 and is included in Due from Prince George’s County on the statement of net position.

NOTE 4: LEASE RECEIVABLES – UPPER MARLBORO COURTHOUSE AND DUVALL WING

On May 23, 2018, the Revenue Authority executed two (2) capital lease agreements with the County. The leases are referred to as the 2018A and the 2018B Financing Lease.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 4: LEASE RECEIVABLES – UPPER MARLBORO COURTHOUSE AND
DUVALL WING (Continued)**

The 2018A Financing Lease is associated with the County leasing a site identified as 350,000 square feet of gross floor space, a four-level parking garage, a cafeteria, improvements, equipment, and furnishings. In addition, the site contains an approximately 90,000 square foot, four-story expansion interconnected to the existing Marbury Wing at its west end. The 2018B Financing Lease is associated with the County leasing the rehabilitated and repaired DuVall Wing of the County's Courthouse.

The County is responsible for the principal, interest, and premium of the bond debt issued for the site's rehabilitation and repair, therefore lease payments will equal the annual debt service related to the bond debt. The lease period is for a maximum of 17 years or until the bonds are no longer outstanding. Future minimum lease payments to be received as of June 30, 2021, were as follows:

Year ending June 30,	<u>Amounts</u>
2022	\$ 3,596,906
2023	3,604,592
2024	3,600,893
2025	3,596,541
2026	3,596,339
2027-2030	<u>14,359,378</u>
Total minimum lease payments	32,354,649
Less: amount representing interest	<u>5,653,092</u>
Net minimum lease payments	<u><u>\$ 26,701,557</u></u>

NOTE 5: EQUITY INVESTMENTS IN JOINT VENTURES – BRENTWOOD

On September 1, 2016, the Authority executed an Operating Agreement for Brentwood Development, LLC ("Brentwood Company") with MM Brentwood, LLC ("Brentwood Managing Member"); Sea Eagle 3807, LLC ("Sea Eagle Landex Member") and the Redevelopment Authority. The Brentwood Company was formed as a limited liability company under the Maryland Limited Liability Company Act on June 24, 2014. The Brentwood Company is organized for the purpose of acquiring, financing, developing, constructing and operating Studio 3807 ("Brentwood Project").

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 5: EQUITY INVESTMENTS IN JOINT VENTURES – BRENTWOOD
(Continued)**

The Brentwood Project, located at 3807 Rhode Island Avenue, Brentwood, Maryland 20722, is a mixed-use project consisting of market-rate rental apartment units, first floor retail space, artist studio space and appurtenant parking spaces. The Brentwood Project was completed in September 2018.

The Authority committed \$3,708,625 in capital funding as an equity investment into the project for 0.01% ownership interest. The Authority is entitled to Priority Returns, as defined, and a cash distribution equal to 25% from all net available cash flows at least one time per year. The net cash distribution available will be determined after a distribution to the Brentwood Managing Member for repayment of Predevelopment Loans, as defined, then distribution to the Brentwood Managing Member for the return of all EB5 Contributions, as defined, then distributions to the Sea Eagle Landex Member and the Authority for any unpaid Priority Returns.

Priority Returns accrue monthly as of September 1, 2016. Priority returns earned by the Authority as of June 30, 2021 are \$120,047, all of which remain received as of June 30, 2021. As of June 30, 2021, the Authority's equity investment is \$3,708,625.

On April 27, 2018, the Authority executed an Operating Agreement for 4100 RI, LLC ("4100 Company") with MM 4100 RI, LLC ("4100 Managing Member"); Sea Eagle 4100, LLC ("4100 Landex Member") and the Redevelopment Authority. The 4100 Company was formed as a limited liability company under the Maryland Limited Liability Company Act on December 17, 2014. The 4100 Company is organized for the purpose of acquiring, financing, developing, constructing and operating Artisan 4100 ("4100 Project").

The 4100 Project located at 4100 Rhode Island Avenue, Brentwood, Maryland 20722 is a mixed-use project consisting of market-rate rental apartment units, first floor retail space, artist studio space and appurtenant parking spaces. The 4100 Project was completed in February 2020.

The Authority committed \$2,086,101 in capital funding as an equity investment into the project for 0.01% ownership interest. The Authority is entitled to a cash distribution equal to 23.65% from all net available cash flows at least one time per year. The net cash distribution available will be determined after a distribution to the 4100 Managing Member for repayment of Predevelopment Loans, as defined, then distribution to the 4100 Managing Member for the return of all EB5 Contributions, as defined, then distributions to the 4100 Landex Member for any Unpaid Priority Returns.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 5: EQUITY INVESTMENTS IN JOINT VENTURES – BRENTWOOD
(Continued)**

As of June 30, 2021, the Authority's equity investment is \$2,086,101.

NOTE 6: CAPITAL ASSETS

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 31,105,978	\$ -	\$ 1,917,400	\$ 29,188,578
Construction in Progress	20,535,203	15,153,781	32,654,802	3,034,181
Total capital assets not being depreciated:	<u>51,641,181</u>	<u>15,153,781</u>	<u>34,572,202</u>	<u>32,222,759</u>
Capital assets being depreciated/amortized:				
Parking structures	11,681,833	31,725,384	-	43,407,217
Parking equipment	848,662	946,332	27,638	1,767,356
Office equipment	724,972	26,280	1,100	750,152
Meters	358,503	-	-	358,503
Vehicles	1,256,035	213,783	34,859	1,434,959
Leasehold improvements	2,300,132	-	557,407	1,742,725
Total capital assets being depreciated:	<u>17,170,137</u>	<u>32,911,779</u>	<u>621,004</u>	<u>49,460,912</u>
Less accumulated depreciation and amortization for:				
Parking structures	11,640,053	65,158	-	11,705,211
Parking equipment	686,571	52,635	45,686	693,520
Office equipment	647,883	50,602	429	698,056
Meters	286,389	15,108	-	301,497
Vehicles	742,164	284,212	11,623	1,014,754
Leasehold improvements	1,992,921	209,438	557,408	1,644,951
Total accumulated depreciation and amortization	<u>15,995,981</u>	<u>677,153</u>	<u>615,146</u>	<u>16,057,988</u>
Net capital assets being depreciated:	<u>1,174,156</u>	<u>32,234,626</u>	<u>5,858</u>	<u>33,402,924</u>
Net capital assets	<u>\$ 52,815,337</u>	<u>\$ 47,388,407</u>	<u>\$34,578,061</u>	<u>\$ 65,625,683</u>

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: CAPITAL ASSETS (Continued)

On January 15, 2021, the Authority sold 20.5 acres of land located at St. Joseph's Drive, Bowie, Maryland in the amount of \$5,750,000. The book value of the land as of the sale was \$1,917,400. The gain on sale of the land totaled \$3,761,598, inclusive of closing costs in the amount of \$71,002.

As of June 30, 2021, the Authority placed in service a 1,160-space garage known as "The Capital Regional Medical Center Garage". The garage will serve the staff and visitors of the medical center. The construction in progress was appropriately allocated to parking structure for the total amount of \$31,725,384 and will be depreciated over its respective life beginning on June 30, 2021.

NOTE 7: CAPITAL LEASES

The Authority leases furniture, equipment and 39 vehicles under nine separate capital leases expiring by the year 2025. The assets and liabilities under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over the lower of their lease terms or their estimated productive lives.

Amortization of the assets under the capital leases is included in depreciation and amortization expense for fiscal year 2021.

Capital lease activity for the year ended June 30, 2021 is as follows:

<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance June</u> <u>30, 2021</u>	<u>Due Within</u> <u>One Year</u>
\$ 607,872	\$ 221,266	\$ (378,787)	\$ 450,351	\$ 173,131

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7: CAPITAL LEASES (CONTINUED)

Future minimum lease payments, by year and in the aggregate, under the capital leases are as follows:

Year ending June 30,	
2022	\$ 189,779
2023	137,037
2024	107,630
2025	<u>59,805</u>
Total minimum lease payments	494,251
Less: amount representing interest	<u>(43,900)</u>
Present value of future minimum lease payments	<u>\$ 450,351</u>
Due within one year	\$ 173,131
Long-term portion	<u>277,220</u>
Future minimum lease payments	<u>\$ 450,351</u>

Assets under capital leases recorded in capital assets being depreciated/amortized in the statement of net position as of June 30, 2021, were as follows:

Vehicles	\$ 1,434,958
Security Equipment	341,584
Less: accumulated depreciation	<u>(1,066,668)</u>
Assets acquired under capital leases, net	<u>\$ 709,874</u>

NOTE 8: OPERATING AND MANAGEMENT AGREEMENT AND LEASED PROPERTY WITH WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

The Authority and the County entered into an operating and management agreement with the Washington Metropolitan Area Transit Authority ("WMATA"), dated January 1, 1987, covering 400 spaces in the New Carrollton parking facility. Under the terms of this agreement, the Authority is entitled to a management fee and reimbursement of certain costs equal to the sum of (a) a fixed annual fee of \$15 per space (b) 40% of operation and maintenance costs and (c) 25% of attendant costs. On October 21, 2020, WMATA and the Authority executed the first amendment to the operating and management agreement. Per the amendment,

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: OPERATING AND MANAGEMENT AGREEMENT AND LEASED PROPERTY WITH WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (CONTINUED)

effective July 1, 2019, all of the provisions of the operating and management agreement pertaining to the management fee will no longer be effective. WMATA issued a letter dated June 3, 2021 to the County and the Authority which terminated the operating and management agreement effective June 30, 2021.

The lease agreement between WMATA and the Authority for 15.782 acres of land "New Carrollton Garage East Lot" is scheduled to expire June 30, 2022.

NOTE 9: UNEARNED GRANT REVENUE – STRATEGIC DEMOLITION AND SMART GROWTH INVESTMENT FUND

In December 2014, the Authority was awarded from the Maryland Department of Housing and Community Development ("DHCD") the FY 2015 Strategic Demolition and Smart Growth Investment Fund ("SDSGIF") grant. The grant award amount of \$400,000 was made available to assist with the design, site preparation and the construction of the Hamilton Street Parking Facility project. The Authority received the funding of the award in January 2018.

On December 28, 2017, the Authority and the City of Hyattsville ("City"), an incorporated municipality of the State of Maryland issued a Memorandum of Understanding ("MOU"). The City was awarded a grant from the FY 2015 SDSGIF grant from the DHCD. The City desired to support the Authority's conceptual drawings for the Hamilton Street Parking Facility project and issued the MOU in which they contributed \$281,655 for the purpose of subsidizing the cost of engineering and design services provided pursuant to a development agreement. The Authority received the funding of the MOU in January 2018.

As of June 30, 2021, the City of Hyattsville and the Authority concurred that the structured parking facility would not be built by the Authority. The total grant funds on hand with the Authority of \$681,655 will be transferred to the City of Hyattsville.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: BONDS PAYABLE

Changes in bonds payable for the fiscal year ended June 30, 2021 were as follows:

Bonds Payable	Balance 7/1/2020	Additions	Deductions	Balance 6/30/2021	Amounts Due Within One Year
Special Obligation Bonds					
Series 2016, Term 2030	\$ 1,600,000	\$ -	\$ (175,000)	\$ 1,425,000	\$ 225,000
Series 2016, Term 2036	6,000,000	-	-	6,000,000	-
Premium	17,937	-	(1,130)	16,807	-
	<u>6,017,937</u>	<u>-</u>	<u>(1,130)</u>	<u>6,016,807</u>	<u>-</u>
Series 2016, Term 2046	20,300,000	-	-	20,300,000	-
Premium	132,046	-	(5,136)	126,910	-
	<u>20,432,046</u>	<u>-</u>	<u>(5,136)</u>	<u>20,426,910</u>	<u>-</u>
Lease Revenue Refunding Bonds					
Series 2018A, Term 2030	10,850,000	-	(860,000)	9,990,000	905,000
Premium	1,554,658	-	(158,101)	1,396,557	-
	<u>12,404,658</u>	<u>-</u>	<u>(1,018,101)</u>	<u>11,386,557</u>	<u>905,000</u>
Series 2018B, Term 2030	16,750,000	-	(1,435,000)	15,315,000	1,480,000
Revenue Bonds					
Series 2020, Term 2040	40,000,000	-	-	40,000,000	-
Total Bonds Payable	<u>\$ 97,204,641</u>	<u>\$ -</u>	<u>\$ (2,634,367)</u>	<u>\$ 94,570,274</u>	<u>\$ 2,610,000</u>

Special Obligation Bonds, Series 2016

On April 13, 2016, the Authority issued \$28,000,000 in Special Obligation Bonds (Suitland-Naylor Road Project), Series 2016 (the "Series 2016 Bonds"), for purposes of acquiring and assembling land improvements, paying entitlement fees, financing working capital, financing improvements related to the Suitland District, funding a debt service reserve fund, funding initial administrative expenses, and paying costs of issuing the Series 2016 Bonds. Pursuant to the Revenue Authority Act, the County Council adopted Bill No. CB-102-2015 on November 17, 2015 authorizing the pledge by the County of Tax Increment Revenues deposited into the Tax Increment Fund as security for the Series 2016 Bonds. The County has covenanted in the Contribution Agreement that it will comply in all material respects with the requirements of the laws of the State of Maryland relating to the timely levy and collection of the Tax Increment Revenues ("TIF") for the Series 2016 Bonds and other amounts payable under its Indenture of Trust.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: BONDS PAYABLE (Continued)

During the year ended June 30, 2021, tax increment revenues of \$3,522,121 were received by the Authority, of which \$1,488,660 was recognized as debt service reimbursement for 2016 Bond Series on the statement of revenues, expenses and change in net position. As of June 30, 2021, unearned TIF revenues totaled \$2,033,461.

The Series 2016 Bonds are special obligations of the Authority, the principal or redemption price and interest are paid from tax incremental revenues received from the County and money on deposit in certain funds and accounts created by its Indenture, including the Surplus Reserve Fund, Debt Service Reserve Fund and the Debt Service Fund in the name of the Authority, as defined, established under its Indenture. As of June 30, 2021, the balances in the respective funds are as follows: Surplus Reserve Fund of \$2,068,718, Debt Service Reserve Fund of \$2,709,107, Debt Service Fund of \$2,495,349 and an Administrative Expense Fund of \$31,509 which are included in the statement of net position as restricted cash.

Interest on the Series 2016 Bonds is payable, according to the terms specified by the Indenture, semiannually on January 1 and July 1 of each year commencing on July 1, 2016. Interest on the Series 2016 Bonds is calculated on the basis of a 360-day year comprised of twelve 30-day months. The Series 2016 Term 2036 Bonds were issued at a premium of \$22,740. The Series 2016 Term 2046 Bonds were issued at a premium of \$153,874. The premiums are being amortized using the straight-line method over the life of each term of bonds. The Series 2016 Bonds were issued in three series as follows:

	<u>Principal Amount</u>	<u>Rate</u>	<u>Final Maturity</u>
Series 2016, Term 2030	\$ 1,700,000	4.375%	July 1, 2024
Series 2016, Term 2036	6,000,000	4.750%	July 1, 2030
Series 2016, Term 2046	20,300,000	5.000%	July 1, 2038

The total interest payments on the Series 2016 Bonds for the year ended June 30, 2021, were \$1,356,078 of which \$1,356,078 was received as tax incremental revenues from the County. As of June 30, 2021, accrued interest of \$681,172 remains payable.

The Series 2016 Bonds are subject to optional redemption, extraordinary optional redemption, and mandatory redemption from excess tax increment revenues. Principal payments on the Series 2016 Bonds are due each July 1 beginning July 1, 2019 from excess tax increment revenues subject to the maximum cumulative redemption amounts.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: BONDS PAYABLE (Continued)

Projected Bond Principal Liability and Accrued Interest Payable

The Series 2016 Bonds are subject to repayment to the bond holders at various maturity dates. The schedule below provides a projected annual liability of principal and accrued interest based on estimated tax increment revenues available for the following fiscal years ending:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 225,000	\$ 1,362,344	\$ 1,587,344
2023	255,000	1,352,500	1,607,500
2024	250,000	1,341,344	1,591,344
2025	400,000	1,330,406	1,730,406
2026	555,000	1,312,906	1,867,906
2027-2031	5,570,000	6,003,626	11,573,626
2032-2036	11,435,000	4,110,575	15,545,575
2037-2040	9,035,000	862,500	9,897,500
Total	<u>\$ 27,725,000</u>	<u>\$ 17,676,201</u>	<u>\$ 45,401,201</u>

Lease Revenue Refunding Bonds, Series 2018A (tax-exempt) and 2018B (taxable)

On May 14, 2018, the Authority issued Lease Revenue Refunding Bonds (Upper Marlboro Courthouse Project), \$15,255,000 Series 2018A (Tax-Exempt) (the "Series 2018A Bonds") and \$18,500,000 Series 2018B (Taxable) (the "Series 2018B Bonds," and together with the Series 2018A Bonds, the "Bonds"). The Bonds are limited obligations of the Authority payable solely from and secured by certain payments to be made by the County pursuant to financing leases (See Note 4).

The Series 2018A and 2018B Lease Revenue Refunding Bonds are special obligations of the Authority payable solely from the amounts received from the County, as noted above, and amounts held under its Indenture of Trust.

Interest on the Bonds begins accruing interest upon issuance and is payable according to the terms specified by its Indenture semiannually on May 1 and

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: BONDS PAYABLE (Continued)

November 1 of each year commencing on November 1, 2018. Interest on the Bonds is calculated on the basis of a 360-day year comprised of twelve 30-day months. The Bonds were issued at a premium of \$1,884,034. The premiums are being amortized over the life of the term of Bonds. The Bonds were issued in two series as follows:

	<u>Principal Amount</u>	<u>Rate</u>	<u>Final Maturity</u>
Series 2018A, Term 2030	\$ 15,255,000	5.000%	May 1, 2030
Series 2018B, Term 2030	18,500,000	3.980%	May 1, 2030

The total interest payments on the Bonds for the year ended June 30, 2021, was \$1,141,003, of which \$1,141,003 was reimbursed by the County. As of June 30, 2021, accrued interest of \$175,634 remains payable.

The Bonds are subject to optional redemption and mandatory redemption from rent revenues. Principal payments on the Bonds are due each May 1 and November 1 beginning May 1, 2019 from rental revenues subject to the maximum cumulative redemption amounts.

Projected Bond Principal Liability and Accrued Interest Payable

The Bonds are subject to repayment to the bond holders at various maturity dates. The schedule below provides a projected annual liability of principal and accrued interest based on estimated rental revenues available on May 1 of the following years:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,385,000	\$ 1,053,805	\$ 3,438,805
2023	2,485,000	961,491	3,446,491
2024	2,580,000	862,792	3,442,792
2025	2,680,000	758,440	3,438,440
2026	2,790,000	648,238	3,438,238
2027-2030	12,385,000	1,368,326	13,753,326
Total	<u>\$ 25,305,000</u>	<u>\$ 5,653,092</u>	<u>\$ 30,958,092</u>

Special Obligation Bonds, Series 2020

On January 23, 2020, the Authority issued \$40,000,000 in Revenue Bonds (University of Maryland Regional Medical Center Garage Project), Series 2020 (taxable) (the "Series 2020 Bonds"), for purposes of constructing a parking facility,

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: BONDS PAYABLE (Continued)

funding a reserve fund, funding a capitalized interest fund, funding initial administrative expenses, and paying costs of issuing the Series 2020 Bonds. Pursuant to the Revenue Authority Act, Resolution No. 2019-01 adopted by the Authority on October 22, 2019, as amended by Resolution No. 2019-02 adopted by the Authority on December 17, 2019.

The Series 2020 Bonds are limited obligations of the Authority, the principal or redemption price and interest on which are payable solely from the general revenues and money on deposit in certain funds and accounts created by its Indenture, including the Reserve Fund, Capitalized Interest Fund, and Project Fund in the name of the Authority, as defined, established under its Indenture. As of June 30, 2021, the balances in the respective funds are as follows: Reserve Fund of \$2,298,216, Capitalized Interest Fund of \$1,346,250 and Project Fund of \$1,906,675 which are included in the statement of net position as restricted cash.

Interest on the Series 2020 Bonds will be payable semi-annually on the first day of each August 1 and February 1 of each year, commencing on August 1, 2020, until the final maturity of the Series 2020 Bonds ("August 2049"). Interest on the Series 2020 Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months and will begin accruing upon issuance of the Bonds. During the year ended June 30, 2021, the amount of \$555,907 accrued in interest, of which the entire balance remains payable.

Projected Bond Principal Liability and Accrued Interest Payable

The Bonds are subject to repayment to the bond holders at various maturity dates. The schedule below provides a projected annual liability of principal and accrued interest based on estimated revenues available for the following fiscal years ending:

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10: BONDS PAYABLE (Continued)

	<u>Principal Amount</u>	<u>Rate</u>	<u>Final Maturity</u>
Series 2020, Term 2023	\$ 970,000	2.150%	August 1, 2023
Series 2020, Term 2024	995,000	2.296%	August 1, 2024
Series 2020, Term 2025	1,015,000	2.346%	August 1, 2025
Series 2020, Term 2026	1,040,000	2.553%	August 1, 2026
Series 2020, Term 2027	1,070,000	2.593%	August 1, 2027
Series 2020, Term 2028	1,100,000	2.711%	August 1, 2028
Series 2020, Term 2029	1,130,000	2.781%	August 1, 2029
Series 2020, Term 2030	1,160,000	2.891%	August 1, 2030
Series 2020, Term 2031	1,195,000	3.011%	August 1, 2031
Series 2020, Term 2032	1,235,000	3.111%	August 1, 2032
Series 2020, Term 2033	1,275,000	3.161%	August 1, 2033
Series 2020, Term 2034	1,315,000	3.211%	August 1, 2034
Series 2020, Term 2040	8,925,000	3.523%	August 1, 2040
Series 2020, Term 2045	9,045,000	3.643%	August 1, 2045
Series 2020, Term 2049	8,530,000	3.713%	August 1, 2049

The Bonds are subject to optional redemption and mandatory sinking fund redemption. Principal payments on the Series 2020 Bonds are due each August 1 and February 1 beginning August 1, 2023 from general revenues subject to the maximum cumulative redemption amounts.

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 1,308,029	\$ 1,308,029
2023	-	1,308,029	1,308,029
2024	970,000	1,277,211	2,247,211
2025	995,000	1,245,249	2,240,249
2026	1,015,000	1,212,305	2,227,305
2027-2031	5,500,000	5,528,465	11,028,465
2032-2036	5,020,000	4,527,322	9,547,322
2037-2041	8,925,000	3,350,416	12,275,416
2042-2046	9,045,000	1,968,645	11,013,645
2047-2050	8,530,000	419,202	8,949,202
Total	\$ 40,000,000	\$ 22,144,873	\$ 62,144,873

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11: RESTRICTIONS OF NET POSITION

Net Position is restricted for the following purposes:

Bond Reserve Fund for Series 2016 bonds	\$ 2,000,000
County Supplement for Suitland Land Acquisitions	772,713
Closed Circuit Television Repair & Replacement Reserves	<u>18,137</u>
Total restricted net position	<u><u>\$ 2,790,850</u></u>

NOTE 12: RESERVES FOR SPECIAL PROJECTS, FUTURE MAINTENANCE-REPAIR AND REPLACEMENT COSTS AND OPERATING RESERVES

In fiscal year 2007, the Authority established reserves for special projects and for future maintenance, repair and replacement costs. The reserve for special projects is to fund future projects, which promote the public interest and economic development of the County. The reserve for future maintenance, repair and replacement costs is for non-recurring maintenance, repair and replacement costs of capital facilities and equipment.

In addition, during fiscal year 2015, the Authority established an operating reserve to fund short-term agency operating cash needs in case of limited cash balances. The operating reserve balance is calculated at 5% of the current fiscal year approved operating budget.

Designated Reserve Funds

Special Projects	\$ 7,088,735
Maintenance	1,770,960
Operating	963,700
401k NEC	<u>200,000</u>
Total designated reserve funds	<u><u>\$ 10,023,395</u></u>

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13: RELATED PARTY TRANSACTIONS

Due to Affiliates

The Authority has amounts due to affiliates related to operating costs of certain lease property on behalf of these affiliates. The amounts are non-interest bearing and due on demand. As of June 30, 2021, the amounts due to affiliates is \$1,780,755.

Prince George's County (Parking Facilities Lease)

On August 29, 2013, the Authority executed an agreement effective July 1, 2012 to lease several parking facilities from the County ("Parking Facilities Lease"). As part of this agreement, the County assigned 366 in-service parking meters to the Authority. Under the terms of the lease agreement, the Authority is required to maintain and operate the parking facilities and meters. The Authority is entitled to charge patrons reasonable rates and fees, which are subject to County approval.

The Authority has agreed to pay the County an annual rent of \$150,000 plus the net revenue earned from the facilities and meters after deducting all related expenses and any reserves for future maintenance and capital improvements.

On November 27, 2019, the Authority and the County executed Addendum No. 4 to the Parking Facilities Lease. The parties agreed that effective June 25, 2019, the payments the Authority owes the County under the Parking Facilities Lease are abated through maturity or refund of the Series 2020 Bonds, such that the Authority may use such funds to pay debt service on the Series 2020 Bonds.

Prince George's County (Construction and Parking Facility Management Agreement)

The Authority and the County have entered into a management agreement for the Hyattsville Justice Center ("HJC") garage. Under the terms of this agreement, the Authority was responsible for the design and financing of the facility's construction; however, the agreement provides that the County will serve as an agent of the Authority for the administration of all design and construction contracts and, as such, the County managed the construction.

The Authority is obligated to maintain and operate the HJC garage in accordance with the Lease Agreement described below. The Authority is responsible for collecting all fees received from the public for the use of the facility and payment

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13: RELATED PARTY TRANSACTIONS (Continued)

of all operating expenses. The County has agreed to reimburse the Authority for all deficits arising from the operation of this facility; conversely, the Authority will pay the County any net income as defined in the agreement. In addition, the County has agreed to pay the Authority a management fee of \$90,000 annually for the first ten years after completion, \$115,000 annually for years 11 through 18, and a mutually agreed upon amount thereafter. Pursuant to this agreement, the Authority received a management fee of \$115,000 for the year ended June 30, 2021.

Prince George's County (Hyattsville Justice Center Lease Agreement)

The Authority and the County also entered into a lease agreement dated May 1, 1986 (the "Lease Agreement") wherein the County agreed to lease the HJC Garage from the Authority. The initial term ended on the date on which all outstanding principal and interest of the Series 1992 Bonds was repaid, which was May 1, 2005. The lease term was mutually agreed to extend for four additional ten-year periods.

During year ended June 30, 2008, the Authority entered into an operating and management agreement with the County for the payment of rent related to the HJC Garage. Under the terms of this agreement, the Authority is entitled to the reimbursement of all costs and an administrative fee equal to 10% of such costs (collectively, the "rent"). Pursuant to the agreements, the County paid rent of \$660,000 for the year ended June 30, 2021.

In addition to the rent, the County is obligated to pay an annual fee to the Authority. This annual fee was \$100,000 per year beginning May 1986 until substantial completion on August 1, 1990, \$30,000 per year for the 10 years after completion, \$40,000 per year for years 11 through 18 from completion, and \$50,000 per year thereafter. Pursuant to this agreement, the Authority received an annual fee of \$50,000 for the year ended June 30, 2021.

Prince George's County (2018A and B Lease and Debt Issuance)

During the year ended June 30, 2018, the Authority, the Industrial Development Authority of Prince George's County ("IDA"), and the County entered into agreements where the Authority issued debt to refund debt outstanding of IDA for the Upper Marlboro Courthouse and DuVall Wing. The Authority would take an ownership interest in the related property and would then lease the capital assets to the County for rent payments equal to the effective debt service on the debt.

**REVENUE AUTHORITY OF
PRINCE GEORGE’S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13: RELATED PARTY TRANSACTIONS (Continued)

Prince George’s County (Ground Lease -Upper Marlboro Courthouse)

The Authority and the County entered into a lease agreement dated May 1, 2018 (the “Ground Lease Agreement”) wherein the County agreed to lease the Northeast section of the intersection of Water Street and Justice Road (“Land”) to the Authority. The term of the Ground Lease is from May 1, 2018 to June 30, 2035, unless terminated earlier in accordance with the terms of Ground Lease Agreement.

Under the terms of this agreement, the Authority pays the County, as rent, \$30 annually in advance with each payment due on the anniversary of the lease commencement date. Pursuant to the agreement, the Authority paid rent of \$30 for the year ended June 30, 2021.

Prince George’s County (Lease - DuVall Wing)

The Authority and the County also entered into a lease agreement dated May 1, 2018 (the “Lease Agreement”) wherein the County agreed to lease any and all improvements located thereon comprising the DuVall Wing of the Prince George’s County Courthouse (“Leased Project”) to the Authority. The term of the lease is from May 1, 2018 to May 1, 2035, unless such term is sooner terminated or relinquished in accordance with the lease.

As of June 30, 2021, amounts payable from the County consisted of the following and is included in due from Prince George’s County on the statement of net position:

Annual Ground Lease Agreement payment UM Courthouse	\$ (30)
Rent receivable, July 1, 2020 - June 30, 2021	660,000
HJC garage management fee due to the Authority	115,000
HJC annual fee due to the Authority	50,000
Payment to Department of Corrections 2021	4,161
Abandoned Vehicle Unit 2021 reimb.	479,129
Supermarket Good Foods Market MOU due to the Authority	<u>259,206</u>
Net due from County	<u><u>\$ 1,567,466</u></u>

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13: RELATED PARTY TRANSACTIONS (Continued)

School Bus Stop Arm Enforcement Program

The Authority and the Prince George's County Public Schools ("PGCPS") entered into a Memorandum of Understanding ("MOU") effective July 1, 2020 in which the Authority was contracted to manage the program funds, citations, and program personnel on behalf of Prince George's County Public Schools ("PGCPS") in relation to the School Bus Stop Arm Enforcement Program.

The term of the agreement is from the effective date and shall continue until and unless terminated by either party. The Authority, in consideration of the services provided, will be compensated twelve and a half percent (12.5%) of the gross revenues of the program fund on a monthly basis. For the period ending June 30, 2021, the Authority earned \$52,075.

NOTE 14: COMMITMENTS

Operating Leases

The Authority leases office space, parking lots and miscellaneous office equipment under non-cancelable operating leases, which expire at various times through 2022.

Effective November 1, 2015, the Authority renegotiated its lease with Mercantile Place #1 Limited Partnership for office space in Largo, Maryland. The lease term is seven years terminating on October 31, 2022. The Authority is also required to pay the base rate, and the lessor of a maintenance fee or a portion of real estate taxes related to the property.

The lease with the Washington Metropolitan Area Transit Authority ("WMATA") for the New Carrollton East lot is for a five-year period commencing on July 1, 2017 and terminating on June 30, 2022 with the option to renew the lease for an additional term of five years commencing at the expiration of the initial term.

Minimum future rental payments under non-cancelable operating leases are as follows:

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14: COMMITMENTS (Continued)

<u>Year ending June 30,</u>	
2022	\$ 420,371
2023	103,920
	<hr/>
Total future minimum lease payments	\$ 524,291
	<hr/> <hr/>

Rent expenses on all operating leases for the year ended June 30, 2021 were \$375,359. Parking operating lease expense amounted to \$109,304 and general and administrative lease expense amounted to \$266,055 for the year ended June 30, 2021.

Construction contracts

The Authority has entered into contracts for management and maintenance of certain parking garages in the total amount of \$34,223,931. During the year ended June 30, 2021, \$15,751,745 has been incurred. As of June 30, 2021, \$-0- remains to be drawn and \$84,255 remains payable and is included in accounts payable and accrued expenses on the statement of net position.

Suitland Leases

The Authority, as property owners of 4701-4719 Silver Hill Road, have executed two commercial lease agreements during the year ended June 30, 2021, with respective lease terms ending on January 31, 2022 and April 29, 2023, as referenced below. As of June 30, 2021, the one tenant's lease was terminated as certain terms of the lease were unable to be achieved. Rental income received from leased property for the year ended June 30, 2021 total \$43,233, of which \$36,608 was recognized as revenue on the statement of revenues, expenses and change in net position and \$6,625 is considered unearned revenue on the statement of net position as of June 30, 2021. Future minimum lease payments total \$36,680 through January 31, 2022.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15: BENEFIT PLAN

The Authority participates in the ADP Prototype 401(k) Plan. All employees are eligible for the Plan. The Authority is required to make contributions to the Plan equal to 5% of each eligible employee's gross salary.

For the year ended June 30, 2021, total contributions by the Authority to the eligible employees of the 401(k) retirement plan were \$214,906 and are included in general and administrative expenses on the statement of revenues, expenses and change in net position.

NOTE 16: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance covering these risks.

Settled claims resulting from these risks have not exceeded insurance coverage for the past three years.

NOTE 17: CONTINGENCY

In early 2020, a global pandemic - coronavirus (COVID-19) emerged. As a result, events have occurred including mandates from federal, state, and local authorities leading to an overall decline in economic activity which could result in a loss of revenue and other material adverse effects to the Authority's financial position, results of operations, and cash flows. As of June 30, 2021, the global pandemic is still ongoing. Management continues to monitor the results of operations to evaluate impact of the pandemic on the project. The Authority is not able to estimate the length or severity of this outbreak and the related financial impact.

NOTE 18: SUBSEQUENT EVENT

Events that occur after the statement of net financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date, requires disclosure in the accompanying notes. Management evaluated the activity of the Authority through November 30, 2021.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 18: SUBSEQUENT EVENT (CONTINUED)

The Authority awarded fee developer (Jair Lynch Real Estate Partners) a service contract in response to RFP No. FE-02-2020. The award is for fee-based developer services for the new construction of a multifamily rental apartment building and mixed-use residential/retail building located on parcels 3A and 3B as of the Suitland Mixed-Use Town Center Development Plan on Suitland Road in Prince George's County, Maryland. Since the execution of the contract will be post the issuance of the financial statements as of June 30, 2021, the Authority recorded this in FY 2022.

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021**

Assets	Operating	Economic Development	Total
Current assets			
Cash, cash equivalents, and investments	\$ 5,254,464	\$ 8,377,480	\$ 13,631,944
Restricted cash	12,855,824	-	12,855,824
Parking and other receivables	21,553,551	-	21,553,551
Due from Prince George's County	1,567,466	-	1,567,466
Lease receivable	2,385,000	-	2,385,000
Other current assets	137,120	324	137,444
Total current assets	43,753,425	8,377,804	52,131,229
Non-Current assets			
Lease receivable	24,316,557	-	24,316,557
Equity investments in joint ventures	5,794,726	-	5,794,726
Capital assets not being depreciated	3,622,344	28,600,415	32,222,759
Capital assets being depreciated, net	33,402,924	-	33,402,924
Total non-current assets	67,136,551	28,600,415	95,736,966
Total assets	110,889,976	36,978,219	147,868,195
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	3,622,757	583,238	4,205,995
Unearned revenue	-	2,040,086	2,040,086
Due to affiliates	1,780,755	-	1,780,755
Capital lease obligations, current portion	173,131	-	173,131
Bonds interest payable	731,541	681,172	1,412,713
Bonds payable	2,385,000	225,000	2,610,000
Total current liabilities	8,693,184	3,529,496	12,222,680
Noncurrent liabilities			
Bonds payable	64,316,557	27,643,717	91,960,274
Capital lease obligations, net of current portion	277,220	-	277,220
Total noncurrent liabilities	64,593,777	27,643,717	92,237,494
Total liabilities	73,286,961	31,173,213	104,460,174
Net Position			
Net investment in capital assets	125,792	5,473,258	5,599,050
Restricted	18,137	2,772,713	2,790,850
Unrestricted			
Equity investments in joint ventures	5,794,726	-	5,794,726
Designated	9,723,312	300,083	10,023,395
Undesignated	21,941,048	(2,741,048)	19,200,000
Total Net Position	\$ 37,603,015	\$ 5,805,006	\$ 43,408,021

**REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY**
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Operating</u>	<u>Economic Development</u>	<u>Total</u>
Operating Revenues			
Parking operations	\$ 10,543,351	\$ -	\$ 10,543,351
Rent income from Prince George's County	660,000	-	660,000
Rental income from leased property	-	36,608	36,608
Management fee - red light camera	460,686	-	460,686
Management fee - false alarm	67,879	-	67,879
Management fee - automated speed enforcement	17,321	-	17,321
Management fee - school bus stop arm enforcement	52,075	-	52,075
Management fee - operating programs	640,324	-	640,324
Collection fees	91,800	-	91,800
Other	452,307	13,191	465,498
	<u>12,985,743</u>	<u>49,799</u>	<u>13,035,542</u>
Operating Expenses			
Parking operations	9,247,337	-	9,247,337
General and administrative	2,952,986	-	2,952,986
Depreciation and amortization	677,153	-	677,153
Rent payment to Prince George's County	30	-	30
Repair and maintenance for leased property	-	590,542	590,542
	<u>12,877,506</u>	<u>590,542</u>	<u>13,468,048</u>
Operating income/(loss)	<u>108,237</u>	<u>(540,743)</u>	<u>(432,506)</u>
Non-Operating Revenues (Expenses)			
Gain on sale of capital assets	3,755,741	-	3,755,741
Debt service reimbursement for 2016 Bond Series	-	1,488,660	1,488,660
Debt service reimbursement for 2018 Bond Series	968,369	-	968,369
Interest income	10,807	2,213	13,020
Interest expense	(2,320,551)	(1,356,078)	(3,676,629)
	<u>2,414,366</u>	<u>134,795</u>	<u>2,549,161</u>
Change in net position	2,522,603	(405,948)	2,116,655
Net position, beginning of year	<u>35,080,412</u>	<u>6,210,954</u>	<u>41,291,366</u>
Net Position, end of year	<u><u>\$ 37,603,015</u></u>	<u><u>\$ 5,805,006</u></u>	<u><u>\$ 43,408,021</u></u>