REVENUE AUTHORITY OF PRINCE GEORGE'S COUNTY

Financial Statements and Supplemental Information

With Independent Auditor's Report

Year Ended June 30, 2023

WatsonRice
Accountants & Advisors

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REVENUE AUTHORITY OF PRINCE GEORGE'S COUNTY
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Authority as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Authority's 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 GAAS and *Government 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 GAAS and *Government 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 Management's Discussion and Analysis on pages 4 to 9 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 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.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The combining statement of net position and combining statement of revenues, expenses and changes in net position, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the 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 28, 2023 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.

Lanham, Maryland Watson Rice LLP
November 28, 2023

REVENUE AUTHORITY OF
PRINCE GEORGE'S COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

This discussion and analysis of the Revenue Authority of Prince George's County (the Authority), a component unit of Prince George's County, Maryland (the "County"), provides an overview of the financial activities for the fiscal year ended June 30, 2023. Please read this in conjunction with the Authority's basic financial statements, which begin on page 10.

Financial Highlights

- Cash, cash equivalents and investments for the year ended June 30, 2023, was $28,919,640.

- Assets exceeded liabilities by $48,378,823 as of June 30, 2023. The significant component of the Authority's net position, about 46.5% or $22,491,003 was recorded as Undesignated Funds, which is considered unrestricted.

- Operating income for the year ended June 30, 2023, totaled $3,159,116.

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.

Summary of Statement of Net Position

The largest portion of the Authority's assets is capital assets being depreciated, consisting of Building and Property Plant and Equipment, which makes up $34,541,566 of total assets. The largest portion of the Authority's liabilities are bonds payable, which represents $88,891,541 of the total liabilities. Net position increased by $3,512,714 for fiscal year 2023.

	2023	2022
Current assets	$ 58,382,710	$ 54,142,625
Capital assets	66,764,325	65,273,002
Other noncurrent assets	24,730,081	27,468,182
Total assets	149,877,116	146,883,809
Current liabilities	14,182,494	12,787,881
Noncurrent liabilities	87,315,799	89,229,819
Total liabilities	101,498,293	102,017,700
Net investment in capital assets	7,879,507	5,792,760
Restricted	2,119,355	2,655,579
Unrestricted		
Equity investments in joint ventures	5,794,726	5,794,726
Designated	10,094,232	9,447,339
Undesignated	22,491,003	21,175,705
Total net position	$ 48,378,823	$ 44,866,109

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

	2023	2022
Total operating revenues	$ 19,016,417	$ 18,099,846
Total operating expenses	(15,857,301)	(15,996,457)
Operating income	3,159,116	2,103,389
Net non-operating revenues (expenses)	353,598	(636,991)
Change in net position	3,512,714	1,466,398
Net position, beginning of year	44,866,109	43,408,021
Adjustment due to GASB 87	-	(8,310)
Net position, beginning of year	44,866,109	43,399,711
Net position, end of year	$ 48,378,823	$ 44,866,109

The Authority's two major areas of revenue collections are parking operations and rental income from the County for 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 $14,572,253 for fiscal year 2023.

The Authority, as per the agreement with the County, received rental income from the Hyattsville Justice Center of $660,000 for fiscal year 2023.

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 $77,358 during fiscal year June 30, 2023.

Management fee income related to the Red-Light Camera Enforcement Program, False Alarm Reduction Unit (FARU) and School Bus Stop Arm Enforcement Program was $525,156, $176,464 and $1,701,180, respectively, in fiscal year 2023. Management fee income related to the Automated Speed Enforcement Program was $13,366 in fiscal year 2023. Management fee income related to operating programs was $694,563 in fiscal year 2023.

Collection fee income was $85,448 in fiscal year 2023.

Other income was $510,629 in fiscal year 2023, inclusive of a $500,000 payment from the County as a supplemental payment made due to the termination of the management fee surrounding the New Carrollton garage.

The Authority received certain funds to cover portion of debt service due during the fiscal year ended June 30, 2023. These amounts included $2,370,750 of debt service related to the Series 2016 Bonds and $786,940 of the Series 2018 Bonds.

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

Expenses related to the parking operations for fiscal year 2023 were $10,023,429 or 52.71% of total operating revenues.

General and administrative expenses were $2,840,859, 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 14.94% for fiscal year 2023.

Depreciation and amortization incurred during the year ended June 30, 2023 was $2,025,540.

Payment to the County for fiscal year 2023 was $30 based on terms in the ground lease.

Repair and maintenance expenses for leased property totaled $967,443.

Non-operating revenues (expenses) consist of 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 expenses were $353,598 in fiscal year 2023.

Capital Assets

The Authority's capital assets, net of accumulated depreciation, amortization, and impairment, are presented in the following table as of June 30, 2023 and 2022.

	Capital Assets as of June 30 (net of accumulated depreciation/amortization/impairment)	
	2023	**2022**
Capital assets not being depreciated		
Land	$ 29,188,578	$ 29,188,578
Construction in progress	3,034,181	3,034,181
Total capital assets not being depreciated	32,222,759	32,222,759
Capital assets being depreciated, net		
Parking structures	29,607,107	30,664,618
Parking equipment	1,103,440	940,880
Office equipment	180,630	40,336
Meters	56,857	56,857
Leasehold improvements	1,131,053	903,216
Leased asset - office space	1,727,201	152,608
Leased asset - equipment	23,100	29,566
Leased Subscribtion	41,130	-
Leased asset - vehicles	671,049	262,162
Total capital assets being depreciated/amortized, net	34,541,566	33,050,243
Total	$ 66,764,325	$ 65,273,002

Total additions for the year, net of disposals, is $2,453,251. Total depreciation and amortization for the year were $2,025,540.

Additional information related to capital assets can be found in Note 7 to the financial statements.

Debt

The Authority's long-term debt is presented in the following table as of June 30, 2023 and 2022.

	Long-Term Debt	
	2023	2022
Lease Revenue Bonds	$ 20,435,000	$ 22,920,000
Premium on Lease Revenue Bonds	1,080,356	1,238,456
Special Obligation Bonds	27,245,000	27,500,000
Premium on Special Obligation Bonds	131,185	137,451
Revenue Bonds	40,000,000	40,000,000
Lease Liability	2,811,080	462,368
Subscription Liability	34,327	-
Total	$ 91,736,948	$ 92,258,275

Additional information on the Authority's long-term debt can be found in the notes to the financial statements (notes 3, 4 and 8).

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, 2023

Assets	
Current assets	
Cash, cash equivalents and investments (Note 2)	$ 13,712,333
Restricted cash (Note 2)	15,207,307
Parking and other receivables, net	25,992,790
Due from Prince George's County (Note 11)	725,722
Lease receivable (Note 5)	2,580,000
Other current assets	164,558
Total current assets	58,382,710
Non-Current assets	
Lease receivable (Note 5)	18,935,355
Equity investments in joint ventures (Note 6)	5,794,726
Capital assets not being depreciated (Note 7)	32,222,759
Capital assets being depreciated/amortized, net (Note 7)	34,541,566
Total non-current assets	91,494,406
Total assets	149,877,116
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	3,865,961
Unearned revenue (Note 8)	2,636,545
Due to affiliates	1,888,462
Lease liability, current portion (Note 3)	596,772
Subscription liability, current portion (Note 4)	24,377
Bonds interest payable (Note 8)	1,370,377
Bonds payable (Note 8)	3,800,000
Total current liabilities	14,182,494
NonCurrent liabilities	
Bonds payable (Note 8)	85,091,540
Lease liability, net of current portion (Note 3)	2,214,308
Subscription liability, net of current portion (Note 4)	9,951
Total noncurrent liabilities	87,315,799
Total liabilities	101,498,293
Net Position	
Net investment in capital assets	7,879,507
Restricted (Note 9)	
Bond reserve fund for Series 2016 bonds	2,000,000
County supplement for Suitland land acquisitions	94,795
Closed circuit television repair and replacement	24,560
Unrestricted	
Equity investments in joint ventures (Note 6)	5,794,726
Designated (Note 10)	10,094,232
Undesignated	22,491,003
Total Net Position	$ 48,378,823

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, 2023

Operating Revenues	
Parking operations	$ 14,572,253
Rental income from Prince George's County	660,000
Rental income from leased property	77,358
Management fee - red light camera	525,156
Management fee - false alarm	176,464
Management fee - automated speed enforcement	13,366
Management fee - school bus stop arm enforcement	1,701,180
Management fee - operating programs	694,563
Collection fees	85,448
Other	510,629
Total operating revenues	19,016,417
Operating Expenses	
Parking operations	10,023,429
General and administrative	2,840,859
Depreciation and amortization	2,025,540
Payment to Prince George's County	30
Repair and maintenance for leased property	967,443
Total operating expenses	15,857,301
Operating Income	3,159,116
Non-Operating Revenues (Expenses)	
Debt service reimbursement for 2016 Bond Series	2,370,750
Debt service reimbursement for 2018 Bond Series	786,940
Interest income	720,971
Interest expense	(3,525,063)
Net non-operating expenses	353,598
Change in net position	3,512,714
Net position, beginning of year	44,866,109
Net Position, End of Year	$ 48,378,823

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, 2023

Cash flows from operating activities	
Cash received from operations	$ 19,415,648
Cash paid to suppliers	(9,247,838)
Cash paid to employees	(4,997,130)
Cash paid to board members	(67,200)
Net cash provided by operating activities	5,103,480
Cash flows from capital and related financing activities	
Notes payable and leases	
Purchases of capital assets, constructed or acquired	(566,320)
County contributions related to debt service	3,157,690
Principal paid on leases from operations	(543,001)
Principal paid on subscriptions from operations	(24,502)
Principal paid on bonds from operations	(2,904,367)
Interest paid from operations	(3,547,094)
Net cash used in capital and related financing activities	(4,427,594)
Cash flows from investing activities	
Investment earnings	720,972
Net cash provided by investing activities	720,972
Net increase in cash, cash equivalents, investments and restricted cash	1,396,858
Cash, cash equivalents, investments and restricted cash, beginning of year	27,522,782
Cash, cash equivalents, investments and restricted cash, end of year	$ 28,919,640
Non-cash capital and related financing activities:	
Debt repayments offset through County lease activity	2,643,101
Net non-cash provided by capital and related financing activities	$ 5,534,814
Cash, cash equivalents, investments and restricted cash	
Cash, cash equivalents and investments	$ 13,712,333
Restricted cash	15,207,307
Total cash, cash equivalents, investments and restricted cash	$ 28,919,640

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, 2023

Reconciliation of operating income to net cash provided by operating activities		
Operating lncome	$	3,159,116
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization		2,025,540
Bad debt expense		3,231,077
Effect of changes in operating assets and liabilities:		
Accounts receivable		(4,237,762)
Other current assets		(33,485)
Due from Prince George's County		935,046
Accounts payable and accrued expenses		(480,407)
Unearned revenue		265,795
Due to affiliates		238,560
Net cash provided by operating activities	$	5,103,480

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

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).

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 $46,463,419 at June 30, 2023. The Authority will write-off citations when they are deemed uncollectable and have aged out for 10 years. The Authority wrote off $4,239,156 of citations in fiscal year 2023 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

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 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 Capitals 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.

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, 2023. 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 and lease liabilities. 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.

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.

Change in Accounting Principle and Restatement

The Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* in fiscal year 2022. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority recognized $1,750,302 in net book value for the intangible right to use and a lease liability of $1,776,657 for various leases in fiscal year 2023.

For fiscal year 2023, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 enhances the relevance and consistency of information of the government's subscription-based information

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

technology arrangements (SBITAs). It establishes requirements for subscription asset accounting based on the principle that the right to use a subscription asset an underlying asset. A subscriber is required to recognize a subscription liability and an intangible right to use the subscription asset. The Authority recognized $41,130 in net book value for the intangible right to use SBITA and a subscription liability of $34,327 for various leases.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are composed of the following as of June 30, 2023.

Cash deposits	$	4,769,909
Petty cash		5,089
Zions Bank - Bond Trustee*		5,893,619
BNY Mellon - Bond Trustee*		9,313,688
Maryland Local Government Investment Pool		8,937,335
Total cash, cash equivalents and investments	$	28,919,640

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 Maryland Local Government Investment Pool (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

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

Advisory Committee. Participation is voluntary and eligibility is regulated by MLGIP Local Government Article. The Authority adopted Governmental Accounting Standards Board 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.

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, 2023, there was $4,349,965 of uninsured cash that is collateralized by securities held by the pledging financial institution.

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

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, 2023:

Investment type	Less than 6 Months	6 to 12 Months	1 to 3 Years	Total
MLGIP	$ 8,937,335	$ -	$ -	$ 8,937,335
	$ 8,937,335	$ -	$ -	$ 8,937,335

NOTE 3: LEASES - LESSEES

Right of Use Assets

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Authority entered into a lessee for the use of Quadient Postage Meter (leased asset – equipment) expiring November 2026. An initial lease liability was recorded in the amount of $9,274. The Authority is required to make annual fixed payments of $1,623. The lease has an interest rate of 1.9670%.

The Authority entered into a lease for the use of Konica Minolta – Bizhub (leased asset – equipment) expiring January 2026. An initial lease liability was recorded in the amount of $36,099. The Authority is required to make monthly fixed payments of $551. The lease has an interest rate of 0.8220%.

NOTE 3: LEASES - LESSEES (Continued)

The Authority entered into a lease for the use of 1300 Mercantile Lane (leased asset – parking structures) which expired June 30, 2022. An initial lease liability was recorded in the amount of $708,849. The Authority was required to make monthly fixed payments of $25,260, increasing by approximately 3% per year as per the lease agreement. The lease has an interest rate of 0.5290%.

The Authority entered into a lease for the use of 1300 Mercantile Lane (leased asset – parking structures) expiring October 31, 2029. An initial lease liability was recorded in the amount of $1,909,013. The Authority is required to make monthly fixed payments of $22,950, increasing by approximately 3% per year as per the lease agreement. The lease has an interest rate of 2.6390%.

The Authority entered into a lease for the use of Largo Park Subdivision 100G-2 (leased asset – parking structures) which expired October 2022. An initial lease liability was recorded in the amount of $26,581. The Authority was required to make monthly fixed payments of $940, increasing by approximately 5% per year as per the lease agreement. The lease has an interest rate of 0.5210%.

The Authority entered into a lease for the use of WMATA New Carrollton Garage ("NCG") East Lot Lease (leased asset – parking structures) that expires November 2023. An initial lease liability was recorded in the amount of $265,598. The Authority is required to make monthly fixed payments of $9,109, increasing by 2% per year as per the lease agreement. The lease has an interest rate of 0.5290%.

<u>Vehicles</u>
The Authority leases vehicles under seven separate leases expiring by the year 2027. The assets and liabilities under the 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 leases is included in depreciation and amortization expense for fiscal year 2023.

NOTE 3: LEASES - LESSEES (Continued)

Lease liability activity for the year ended June 30, 2023 is as follows:

Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023	Due Within One Year
$ 462,368	$ 2,891,713	$ 543,001	$ 2,811,080	$ 596,772

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

June 30,	Principal	Interest	Total
2024	$ 596,772	$ 73,658	$ 670,430
2025	571,363	56,560	627,924
2026	493,415	53,283	546,698
2027	380,496	29,136	409,632
2028	347,848	16,646	364,495
2029	313,777	7,363	321,140
2030	107,409	591	108,000
Total	$ 2,811,080	$ 237,238	$ 3,048,318

NOTE 4: SUBSCRIPTION ASSETS

Right of Use Assets

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

On September 15, 2022, Revenue Authority of Prince George's County, MD entered into a 36-month subscription for the use of Passport Cloud-Based Integrated Parking Management System. An initial subscription liability was recorded in the amount of $29,857. As of June 30, 2023, the value of the subscription liability is $19,672. The Revenue Authority of Prince George's County, MD is required to

NOTE 4: SUBSCRIPTION ASSETS (Continued)

make annual fixed payments of $10,185. The subscription has an interest rate of 2.3540%.

On June 15, 2022, Revenue Authority of Prince George's County, MD entered into a 36-month subscription for the use of DebtBook Database Subscriptions. An initial subscription liability was recorded in the amount of $28,973. As of June 30, 2023, the value of the subscription liability is $14,655. The Revenue Authority of Prince George's County, MD is required to make annual fixed payments of $15,000. The subscription has an interest rate of 2.3540%.

Subscription liability activity for the year ended June 30, 2023, is as follows:

Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023	Due Within One Year
$ -	$ 58,830	$ 24,503	$ 34,327	$ 24,377

Future minimum subscription payments, by year and in the aggregate, under the subscriptions are as follows:

June 30,	Principal	Interest	Total
2024	$ 24,377	$ 808	$ 25,185
2025	9,951	234	10,185
Total	$ 34,327	$ 1,042	$ 35,370

Assets under leases and subscriptions recorded in capital assets being depreciated/amortized in the statement of net position as of June 30, 2023, were as follows:

Leased asset - office space	$ 1,909,013
Lease asset - equipment	38,908
Leased asset - vehicles	2,025,680
Subscription asset	58,830
Less: accumulated amortization	(1,569,951)
Assets under leases and subscriptions, net	$ 2,462,481

NOTE 5: LEASE RECEIVABLES –DUVALL WING

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

The 2018A Financing Lease is associated with the County leasing a site identified as a 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. Interest on the lease is equivalent to interest accruing on the Lease Revenue Refunding Bonds, Series 2018A, which begins accruing interest upon issuance and is payable according to the terms specified by its Indenture semiannually on May 1 and November 1 of each year commencing on November 1, 2018. Interest on the Lease Revenue Refunding Bonds, Series 2018A is calculated on the basis of a 360-day year comprised of twelve 30-day months. During the year ended June 30, 2023, lease revenue totaled $786,940, inclusive of the amortization on the bond premium of $158,101, which is included in debt service reimbursement for 2018 Bond series on the statement of revenues, expenses and change in net position.

Future minimum lease payments to be received as of June 30, 2023, were as follows:

Year ending June 30,	Principal Payments	Interest	Total Payments
2024	$ 2,738,101	$ 862,792	$ 3,600,893
2025	2,838,101	758,440	3,596,541
2026	2,948,101	648,238	3,596,339
2027	3,063,101	532,060	3,595,161
2028	3,188,101	410,260	3,595,161
2029-2030	6,581,750	426,006	10,764,217
	$ 21,357,255	$ 3,637,796	$ 28,748,312

NOTE 6: EQUITY INVESTMENTS IN JOINT VENTURES – BRENTWOOD

On September 1, 2016, the Authority executed an Operating Agreement for the 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 the Studio 3807 ("Brentwood Project").

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, 2023 are $120,047, all of which remain received as of June 30, 2023. As of June 30, 2023, 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.

NOTE 6: EQUITY INVESTMENTS IN JOINT VENTURES – BRENTWOOD (Continued)

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 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.

As of June 30, 2023, the Authority's equity investment is $2,086,101.

NOTE 7: CAPITAL ASSETS

	Restated Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	$ 29,188,578	$ -	$ -	$ 29,188,578
Construction in Progress	3,034,181	-	-	3,034,181
Total capital assets not being depreciated:	32,222,759	-	-	32,222,759
Capital assets being depreciated/amortized:				
Parking structures	43,427,342		-	43,427,342
Parking equipment	1,772,604	374,219	-	2,146,823
Office equipment	770,265	177,617	-	947,882
Meters	358,503		-	358,503
Leasehold improvements	2,578,328	350,346	-	2,928,674
Leased Asset - office space	1,001,028	1,909,013	1,001,028	1,909,013
Leased Asset - equipment	45,373	-	6,465	38,908
Leased Subscription	-	58,830		58,830
Leased Asset - vehicles	1,434,959	646,839	56,118	2,025,680
Total capital assets being depreciated/amortized:	51,388,402	3,516,863	1,063,611	53,841,654
Less accumulated depreciation for:				
Parking structures	12,762,724	1,057,511	-	13,820,235
Parking equipment	831,724	211,659	-	1,043,383
Office equipment	729,929	37,323	-	767,252
Meters	301,646	-	-	301,646
Leasehold improvements	1,675,112	122,509	-	1,797,621
Total accumulated depreciation	16,301,135	1,429,002	-	17,730,137
Leased Asset - office space	848,420	332,665	999,273	181,812
Leased Asset - equipment	15,807	8,221	8,220	15,808
Leased Subscription	-	17,700		17,700
Leased Asset - vehicles	1,172,798	237,952	56,118	1,354,632
Total accumulated amortization	2,037,025	596,538	1,063,611	1,569,952
Net capital assets being depreciated and amortized:	33,050,243	1,491,323	(0)	34,541,566
Net capital assets	$ 65,273,002	$ 1,491,323	$ (0)	$ 66,764,325

NOTE 8: BONDS PAYABLE

Changes in bonds payable for the fiscal year ended June 30, 2023 were as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Amounts Due Within One Year
Special Obligation Bonds					
Series 2016, Term 2030	$ 1,200,000	$ -	$ (255,000)	$ 945,000	$ 250,000
Series 2016, Term 2036	6,000,000	-	-	6,000,000	-
Premium	15,677	-	(1,130)	14,547	-
	6,015,677	-	(1,130)	6,014,547	-
Series 2016, Term 2046	20,300,000	-	-	20,300,000	-
Premium	121,774	-	(5,136)	116,638	-
	20,421,774	-	(5,136)	20,416,638	-
Lease Revenue Refunding Bonds					
Series 2018A, Term 2030	9,085,000	-	(955,000)	8,130,000	1,000,000
Premium	1,238,456	-	(158,101)	1,080,356	-
	10,323,456	-	(1,113,101)	9,210,356	1,000,000
Series 2018B, Term 2030	13,835,000	-	(1,530,000)	12,305,000	1,580,000
Revenue Bonds					
Series 2020, Term 2040	40,000,000	-	-	40,000,000	970,000
Total Bonds Payable	$ 91,795,907	$ -	$ (2,904,367)	$ 88,891,541	$ 3,800,000

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.

During the year ended June 30, 2023, tax increment revenues of $5,007,295 were received by the Authority, of which $ 2,370,750 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, 2023, unearned TIF revenues totaled $2,636,545.

NOTE 8: BONDS PAYABLE (Continued)

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, 2023, the balances in the respective funds are as follows: Project Fund of $31, Surplus Reserve Fund of $2,137,229, Net Revenue Fund $2,636,545, Debt Service Reserve Fund of $2,798,827, Debt Service Fund of $1,725,258 and an Administrative Expense Fund of $15,797 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:

	Principal Amount		Rate	Final Maturity
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, 2023, was $1,335,077, all of which was received as tax incremental revenues from the County. As of June 30, 2023, accrued interest of $670,672 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.

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

NOTE 8: BONDS PAYABLE (Continued)

principal and accrued interest based on estimated tax increment revenues available for the following fiscal years ending:

June 30,	Principal	Interest	Total
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	730,000	1,287,650	2,017,650
2028	905,000	1,252,975	2,157,975
2029-2033	7,695,000	5,421,826	13,116,826
2034-2038	14,355,000	2,896,500	17,251,500
2039	2,355,000	117,750	2,472,750
Total	$ 27,245,000	$ 14,961,357	$ 42,206,357

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 5).

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 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:

NOTE 8: BONDS PAYABLE (Continued)

	Principal Amount	Rate	Final Maturity
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, 2023, was $945,040, all of which was reimbursed by the County. As of June 30, 2023, accrued interest of $143,798 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:

June 30,	Principal	Interest	Total
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	2,905,000	532,060	3,437,060
2028	3,030,000	410,260	3,440,260
2029-2030	6,450,000	426,006	6,876,006
Total	$ 20,435,000	$ 3,637,796	$ 24,072,796

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, 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

NOTE 8: BONDS PAYABLE (Continued)

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, 2023, the balances in the respective funds are as follows: Reserve Fund of $2,333,660, Bond Fund of $1,917,469, and Project Fund of $1,634,476 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, 2023, 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:

NOTE 8: BONDS PAYABLE (Continued)

	Principal Amount	Rate	Final Maturity
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.

June 30,	Principal	Interest	Total
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	1,040,000	1,178,218	2,218,218
2028	1,070,000	1,226,240	2,296,240
2029-2033	5,820,000	5,660,633	11,480,633
2034-2038	6,820,000	4,666,757	11,486,757
2039-2043	8,115,000	3,359,626	11,474,626
2044-2048	9,730,000	1,745,047	11,475,047
2049-2050	4,425,000	165,878	4,590,878
Total	$ 40,000,000	$ 21,737,164	$ 61,737,164

NOTE 9: 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	94,795
Closed Circuit Television Repair & Replacement Reserves	24,560
Total restricted net position	$ 2,119,355

NOTE 10: 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	$ 7,087,873
Maintenance	1,856,489
Operating	949,870
401k NEC	200,000
Total designated reserve funds	$ 10,094,232

NOTE 11: RELATED PARTY TRANSACTIONS

Due from 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, 2023, the amounts due from affiliates is $ 1,625,722.

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

NOTE 11: 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, 2023.

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 $660,000 for reimbursement of operating expenses during the year ended June 30, 2023, which is included in rental income from Prince George's County on the statement of revenues, expenses and change in net position.

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 the 11th through 18th years 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, 2023.

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. Refer to Note 5 for additional information.

NOTE 11: 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, thirty dollars ($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, 2023.

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. Refer to Note 5 for additional information.

As of June 30, 2023, 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	$	(30)
Annual Information Technology service cost		(387,000)
HJC rent receivable, July 1, 2022 - June 30, 2023		660,000
HJC garage management fee		115,000
HJC annual fee		50,000
NCG fee related to Addendum #5 of lease agreement		500,000
Payment from the County's Department of Corrections		6,440
Reimbursement from the County Abandoned Vehicle Unit		552,133
Fringe lot expense reimbursement		124,111
Fed Ex Field events reimbursement		5,069
Net due from County	$	1,625,722
Total paid to Prince George's County	$	(900,000)
Net due from County	$	725,722

NOTE 11: 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, 2023, the Authority earned $1,701,180.

NOTE 12: 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, 2023, total contributions by the Authority to the eligible employees of the 401K retirement plan were $219,702 and is included in general and administrative expenses on the statement of revenues, expenses and change in net position.

NOTE 13: 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 14: SUBSEQUENT EVENTS

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

NOTE 14: SUBSEQUENT EVENTS (Continued)

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 28, 2023 noting no subsequent events requiring disclosure in the accompanying notes.

REVENUE AUTHORITY OF PRINCE GEORGE'S COUNTY

COMBINING STATEMENT OF NET POSITION - UNAUDITED

JUNE 30, 2023

Assets	**Operating**	**Economic Development**	**Total**
Current assets			
Cash, cash equivalents, and investments	$ 4,257,467	$ 9,454,866	$ 13,712,333
Restricted cash	15,207,307	-	15,207,307
Parking and other receivables	25,992,790	-	25,992,790
Due from Prince George's County	725,722	-	725,722
Lease receivable	2,580,000	-	2,580,000
Other current assets	164,163	395	164,558
Total current assets	48,927,449	9,455,261	58,382,710
Non-Current assets			
Lease receivable	18,935,355	-	18,935,355
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/amortized, net	34,541,566	-	34,541,566
Total non-current assets	62,893,991	28,600,415	91,494,406
Total assets	111,821,440	38,055,676	149,877,116
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	3,034,306	831,655	3,865,961
Unearned revenue	-	2,636,545	2,636,545
Due to affiliates	1,888,462	-	1,888,462
Lease liability, current portion	596,772	-	596,772
Subscription liability, current portion	24,377	-	24,377
Bonds interest payable	699,705	670,672	1,370,377
Bonds payable	3,550,000	250,000	3,800,000
Total current liabilities	9,793,622	4,388,872	14,182,494
Noncurrent liabilities			
Bonds payable	57,965,355	27,126,185	85,091,540
Lease liability, net of current portion	2,214,308	-	2,214,308
Subscription liability, net of current portion	9,951	-	9,951
Total noncurrent liabilities	60,189,614	27,126,185	87,315,799
Total liabilities	69,983,236	31,515,057	101,498,293
Net Position			
Net investment in capital assets	1,204,107	6,675,400	7,879,507
Restricted	24,560	2,094,795	2,119,355
Unrestricted			
Equity investments in joint ventures	5,794,726	-	5,794,726
Designated	10,047,849	46,383	10,094,232
Undesignated	24,766,962	(2,275,959)	22,491,003
Total Net Position	$ 41,838,204	$ 6,540,619	$ 48,378,823

REVENUE AUTHORITY OF PRINCE GEORGE'S COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - UNAUDITED FOR THE YEAR ENDED JUNE 30, 2023

	Operating	Economic Development	Total
Operating Revenues			
Parking operations	$ 14,572,253	$ -	$ 14,572,253
Rental income from Prince George's County	660,000	-	660,000
Rental income from leased property	-	77,358	77,358
Management fee - red light camera	525,156	-	525,156
Management fee - false alarm	176,464	-	176,464
Management fee - automated speed enforcement	13,366	-	13,366
Management fee - school bus stop arm enforcement	1,701,180	-	1,701,180
Management fee - operating programs	694,563	-	694,563
Collection fees	85,448	-	85,448
Other	510,629	-	510,629
Total operating revenues	18,939,059	77,358	19,016,417
Operating Expenses			
Parking operations	10,023,429	-	10,023,429
General and administrative	2,840,859	-	2,840,859
Depreciation and amortization	2,025,540	-	2,025,540
Payment to Prince George's County	30	-	30
Repair and maintenance for leased property	-	967,443	967,443
Total operating expenses	14,889,858	967,443	15,857,301
Operating income/(loss)	4,049,201	(890,085)	3,159,116
Non-Operating Revenues (Expenses)			
Debt service reimbursement for 2016 Bond Series	-	2,370,750	2,370,750
Debt service reimbursement for 2018 Bond Series	786,940	-	786,940
Interest income	494,500	226,471	720,971
Interest expense	(2,189,985)	(1,335,078)	(3,525,063)
Net non-operating revenues (expenses)	(908,545)	1,262,143	353,598
Change in net position	3,140,656	372,058	3,512,714
Net position, beginning of year	38,697,548	6,168,561	44,866,109
Adjustment for GASB 87	-	-	-
Restated net position, beginning of the year	38,697,548	6,168,561	44,866,109
Net Position, end of year	$ 41,838,204	$ 6,540,619	$ 48,378,823