

**THE PHILADELPHIA PARKING AUTHORITY
(RED LIGHT CAMERA ENFORCEMENT PROGRAM)**

**SPECIAL-PURPOSE FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULE**

MARCH 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Philadelphia Parking Authority
Philadelphia, Pennsylvania

Report on the Special-Purpose Financial Statements

Opinions

We have audited the accompanying special-purpose financial statements of the Philadelphia Parking Authority Red Light Camera Enforcement Program (the "Program"), as of and for the years ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the Contents.

In our opinion, the accompanying special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the Program, as of March 31, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with the financial reporting provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations.

Emphasis of Matter

As discussed in Note 2, the special-purpose financial statements of the Program are intended to present the net position and the revenues, expenses and change in net position of only that portion of the activities of the Philadelphia Parking Authority (the "Authority") that is attributable to the transactions of the Program. They do not purport to, and do not present fairly, the net position of the Authority as of March 31, 2022 and 2021, and the changes in its net position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We draw attention to Note 2 to the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared by the Program in accordance with the financial reporting provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the financial reporting provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special-purpose financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program'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 Special-Purpose Financial Statements

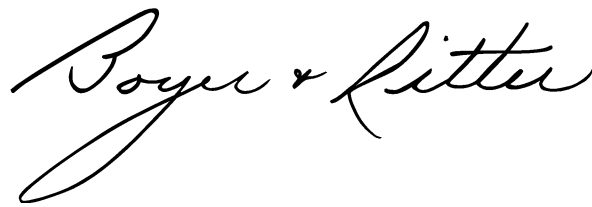
Our responsibility is to express an opinion on these special-purpose financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable 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 special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose 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 special-purpose financial statements.

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements as of and for the years ended March 31, 2022 and 2021, as a whole. The supplementary Schedules of Revenues and Expenses on page 11 is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. The schedule is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements, or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the special-purpose financial statements as a whole.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania
December 13, 2022

**THE PHILADELPHIA PARKING AUTHORITY
RED LIGHT CAMERA ENFORCEMENT PROGRAM**

**SPECIAL-PURPOSE STATEMENTS OF NET POSITION
March 31, 2022 and 2021**

	2022	2021
Assets		
Cash	\$ 4,297,813	\$ 169,296
Accounts receivable	18,333	18,333
Due from Philadelphia Parking Authority, net	1,617,164	4,083,545
Total current assets	5,933,310	4,271,174
Property and Equipment	-	-
Total assets	5,933,310	4,271,174
Deferred Outflows of Resources		
Deferred outflows for OPEB	234,497	183,013
Liabilities		
Accounts payable and accrued expenses	632,977	1,017,944
Due to the Pennsylvania Department of Transportation	4,877,689	2,999,938
Net other post-employment benefits (OPEB) liability	643,887	390,930
Total liabilities	6,154,553	4,408,812
Deferred Inflows of Resources		
Deferred inflows for OPEB	13,254	45,375
Net Position		
Total Net Position	\$ -	\$ -

See Notes to Special-Purpose Financial Statements.

**THE PHILADELPHIA PARKING AUTHORITY
RED LIGHT CAMERA ENFORCEMENT PROGRAM**

**SPECIAL-PURPOSE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

Years Ended March 31, 2022 and 2021

	2022	2021
Operating Revenues	<u>\$ 23,453,986</u>	<u>\$ 18,246,409</u>
Operating Expenses		
Direct operating expenses	6,364,737	6,228,943
Administrative expenses	1,318,219	746,967
Expense to the Pennsylvania Department of Transportation	<u>15,771,030</u>	<u>11,270,554</u>
Total operating expenses	<u>23,453,986</u>	<u>18,246,464</u>
Operating loss	-	(55)
Nonoperating Income		
Interest income	<u>-</u>	<u>55</u>
Changes in net position	-	-
Net Position:		
Beginning	-	-
Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Special-Purpose Financial Statements.

**THE PHILADELPHIA PARKING AUTHORITY
RED LIGHT CAMERA ENFORCEMENT PROGRAM**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

Note 1. Organization and History

General

The Philadelphia Parking Authority (the “Authority”) was given permission by the Pennsylvania General Assembly in 2002, to establish the Red Light Camera Enforcement Program (the “Program”). In June 2003, the City of Philadelphia passed an Ordinance, Bill Number 000682, to allow the use of automated red light enforcement systems to prevent red light violations.

The State Legislature granted an extension to the Red Light Camera Enforcement Program to July 15, 2027.

The Pennsylvania Department of Transportation receives all fines collected less expenses on a quarterly basis.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Accounting: The Program prepares special-purpose financial statements in accordance with financial reporting provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations. The special-purpose financial statements do not include the following items:

- Tickets receivable as the cash has not been collected and is not available for submission to the Commonwealth.
- Net pension liability as these accrued expenses are not included in the contracted expenses.

The special-purpose financial statements include only the assets, liabilities, revenues and expenses pertaining to the Program, and are not intended to be a complete presentation of financial position or results of operations of the Authority as contemplated by accounting principles generally accepted in the United States of America.

Property, Equipment and Depreciation: Property and equipment are stated at cost, which includes interest and other expenses capitalized during the period of construction. Depreciation is computed using the straight line method over the estimated useful lives of the assets.

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

**THE PHILADELPHIA PARKING AUTHORITY
RED LIGHT CAMERA ENFORCEMENT PROGRAM**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (Continued)

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

Operating Revenues: Operating revenues of the Program consist of revenue generated from enforcement of red light violations.

Administrative Expenses: Pursuant to an agreement between the Authority and the City of Philadelphia, administrative expenses are allocated among the various facilities and programs based primarily upon the direct operating expenses of the Program. Management believes this is a reasonable measure of the administrative effort required.

Use of Estimates: The preparation of special-purpose financial statements in conformity with the financial reporting provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the special-purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: Subsequent events were evaluated through December 13, 2022, the date the special-purpose financial statements were available to be issued.

**THE PHILADELPHIA PARKING AUTHORITY
RED LIGHT CAMERA ENFORCEMENT PROGRAM**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

Note 3. Cash

At March 31, 2022 and 2021, the carrying amount of cash was \$4,297,813 and \$169,296, respectively, compared to bank balances of \$4,622,644 and \$235,965, respectively. The differences were caused primarily by items in transit.

Custodial credit risk is the risk that in the event of a bank failure, the Program's deposits may not be returned to it. The Program's policy is to place deposits only in Federal Deposit Insurance Corporation ("FDIC") insured institutions. Deposits are comprised of demand deposits with a financial institution. Deposits in excess of the FDIC limit are collateralized pursuant to the Commonwealth of Pennsylvania Act 72 of 1971 ("Act 72"), as amended, which allows banking institutions to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments.

At March 31, 2022 and 2021, \$250,000 and \$235,965 of the Program's bank balances were insured by the FDIC, respectively. The remaining balances of \$4,372,644 and \$-0- as of March 31, 2022 and 2021, respectively, are fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above.

Note 4. Commitments

In the year ended March 31, 2020, the Authority continued its contract with Conduent and entered into a contract with Duncan Solutions, Inc., for the rental and servicing of the equipment utilized for the Program and for collection activity related to that program. Monthly fees under these contracts are based on the number of cameras operating.

Total expense under the Duncan and Conduent contracts for the fiscal years ended March 31, 2022 and 2021, were \$3,890,602 and \$4,098,644, respectively.

Note 5. Service Agreements

The Authority has a contract that pertains to the Red Light Camera Enforcement Program with Conduent for the rental and operation of the cameras installed along Route 1 that runs through September 2022.

The Authority also has an agreement with Debt Litigation Specialists for collection services of aged accounts.

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RED LIGHT CAMERA ENFORCEMENT PROGRAM**

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

Note 6. Other Post-Employment Benefits (Other than Pensions)

Plan Description

The Authority self-administers its single-employer, other post-employment benefit program (“OPEB plan”). After ten years of service with the Authority, eligible employees become entitled to five years of Authority provided post-employment health and welfare benefits. Eligible employees include those employees who are either (a) regular, full-time, non-represented employees, or (b) employees represented by District Council 21, District Council 33, or District Council 47. Further, at time of retirement, employees are permitted to purchase additional benefits with accumulated sick leave. The Authority does not issue stand-alone financial statements for the OPEB plan.

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

The employees of The Philadelphia Parking Authority Red Light Camera Enforcement Program are part of a larger group of employees included in this Plan. Please see The Philadelphia Parking Authority’s entity wide financial statements for additional information related to the OPEB plan.

Note 7. Risk Management

Developments arising from the coronavirus pandemic and efforts to mitigate the disease’s domestic and global impacts have impacted the operations and finances of the Authority. Changes in service approach, labor and personnel changes, facility closings, contracted service disruptions, personal protective equipment purchases and technological equipment acquisitions have affected the Authority. Unstable conditions enhance the Authority’s risk factors as they have significant reliance on revenues generated from residents of the City of Philadelphia to fund their operations. These factors impact revenue recognition, cash flows and liquidity and contingencies. Presently, the ultimate effects of this crisis on financial position, results of operations and cash flows are indeterminable because the duration of the crisis is also indeterminable; however, management continues to monitor developments.

SUPPLEMENTARY INFORMATION

**THE PHILADELPHIA PARKING AUTHORITY
RED LIGHT CAMERA ENFORCEMENT PROGRAM**

**SUPPLEMENTAL SCHEDULES OF REVENUES AND EXPENSES
Years Ended March 31, 2022 and 2021**

	2022	2021
Revenues		
Violation revenue	\$ 23,453,986	\$ 18,246,409
Interest and other income	-	55
Total program revenue	23,453,986	18,246,464
Expenses		
Direct Operating Expenses		
Equipment	3,890,602	4,098,644
Ticket processing fees	1,084,412	813,487
Philadelphia police department	79,100	77,377
Philadelphia department of finance	59,240	44,062
Personnel	932,258	754,866
Other	319,125	440,510
	6,364,737	6,228,946
Administrative - Philadelphia Parking Authority support	1,318,219	746,964
Total program expenses	7,682,956	6,975,910
Expense to the Pennsylvania Department of Transportation	\$ 15,771,030	\$ 11,270,554