

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

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

MARCH 31, 2023 AND 2022

CONTENTS

INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL-PURPOSE FINANCIAL STATEMENTS	1 - 3
---	-------

FINANCIAL STATEMENT

Special-Purpose Statements of Net Position	4
Special-Purpose Statements of Revenues, Expenses and Changes in Net Position	5
Notes to Special-Purpose Financial Statements	6 - 9

SUPPLEMENTARY INFORMATION

Schedules of Revenues and Expenses	10
------------------------------------	----

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Philadelphia Parking Authority
Philadelphia, Pennsylvania

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, 2023 and 2022, 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, 2023 and 2022, 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.

Basis for Opinions

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 (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 special-purpose Financial Statements section of our report. We are required to be independent of the Philadelphia Parking Authority Red Light Camera Enforcement Program 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 opinions.

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, 2023 and 2022, 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, which 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 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 opinions. 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 Philadelphia Parking Authority Red Light Camera Enforcement Program '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, which raise substantial doubt about the Philadelphia Parking Authority Red Light Camera Enforcement Program '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.

Supplementary Information

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, 2023 and 2022, as a whole. The supplementary Schedules of Revenues and Expenses on page 10 is presented for the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 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 Authority's internal control over financial reporting and compliance.

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

Camp Hill, Pennsylvania
October 17, 2023

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

**SPECIAL-PURPOSE STATEMENTS OF NET POSITION
March 31, 2023 and 2022**

	2023	2022
Assets		
Cash	\$ 5,630,981	\$ 4,297,813
Accounts receivable	18,333	18,333
Due from Philadelphia Parking Authority, net	1,902,082	1,617,164
Total assets	7,551,396	5,933,310
Deferred Outflows of Resources		
Deferred outflows for OPEB	243,233	234,497
Liabilities		
Accounts payable and accrued expenses	1,638,379	632,977
Due to the Pennsylvania Department of Transportation	5,487,726	4,877,689
Net other post-employment benefits (OPEB) liability	593,080	643,887
Total liabilities	7,719,185	6,154,553
Deferred Inflows of Resources		
Deferred inflows for OPEB	75,444	13,254
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, 2023 and 2022

	2023	2022
Operating Revenues	\$ 22,514,785	\$ 23,453,986
Operating Expenses		
Direct operating expenses	6,278,491	6,364,737
Administrative expenses	1,475,111	1,318,219
Expense to the Pennsylvania Department of Transportation	14,761,960	15,771,030
Total operating expenses	22,515,562	23,453,986
 Operating loss	 (777)	 -
Nonoperating Income		
Interest income	777	-
 Changes in net position	 -	 -
Net Position:		
Beginning	-	-
Ending	\$ -	\$ -

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 October 17, 2023, 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, 2023 and 2022, the carrying amount of cash was \$5,630,981 and \$4,297,813, respectively, compared to bank balances of \$6,001,072 and \$4,622,644, 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, 2023 and 2022, \$250,000 and \$250,000 of the Program's bank balances were insured by the FDIC, respectively. The remaining balances of \$5,751,072 and \$4,372,644 as of March 31, 2023 and 2022, respectively, are fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above.

Note 4. Commitments

The Authority maintains contracts with Conduent and Verra Mobility that supports the Red Light Camera Enforcement program and represents the rental and operation of the cameras installed at sites throughout Philadelphia. The contracts for both vendors will expire in 2027. The 146 cameras at 34 intersections were divided among the two vendors. Total expense under these contracts for the fiscal years ended March 31, 2023 and 2022, were \$3,632,891 and \$3,890,602, respectively.

Note 5. Service Agreements

The Authority also has several agreements with vendors, such as PAM, TSI and Harris & Harris for collection services of aged accounts.

**THE PHILADELPHIA PARKING AUTHORITY
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. Pension Plan

Plan Description

The City of Philadelphia Municipal Pension (the “Plan”) is a cost-sharing multiple-employer defined benefit pension plan, administered by the Philadelphia Board of Pensions, which provides pensions for all officers and employees of the City of Philadelphia (the “City”), as well as those of three quasi-governmental agencies (per applicable enabling legislation and contractual agreements) that are considered component units of the City, including the Authority. Employer contributions to the Plan are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

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 Pension Plan.

SUPPLEMENTARY INFORMATION

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

**SUPPLEMENTAL SCHEDULES OF REVENUES AND EXPENSES
Years Ended March 31, 2023 and 2022**

	2023	2022
Revenues		
Violation revenue	\$ 22,514,785	\$ 23,453,986
Interest and other income	777	-
Total program revenue	22,515,562	23,453,986
Expenses		
Direct Operating Expenses		
Equipment	3,632,889	3,890,602
Ticket processing fees	1,076,878	1,084,412
Philadelphia police department	136,111	79,100
Philadelphia department of finance	63,394	59,240
Personnel	814,693	932,258
Other	554,526	319,125
	6,278,491	6,364,737
Administrative - Philadelphia Parking Authority support	1,475,111	1,318,219
Total program expenses	7,753,602	7,682,956
Expense to the Pennsylvania Department of Transportation	\$ 14,761,960	\$ 15,771,030