

**THE PHILADELPHIA PARKING  
AUTHORITY (SPEED CAMERA  
ENFORCEMENT PROGRAM)**

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

**MARCH 31, 2023**

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## 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 Speed Camera Enforcement Program (the "Program"), for the year ended March 31, 2023, 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 the respective changes in financial position for the year then ended in accordance with the financial reporting provisions of the Commonwealth of Pennsylvania Speed 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 Speed 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 the changes in its net position for the year 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 Speed 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 Speed 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 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 Speed 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, that raise substantial doubt about the Philadelphia Parking Authority Speed Camera Enforcement Program 's ability to continue as a going concern for a reasonable period of time.

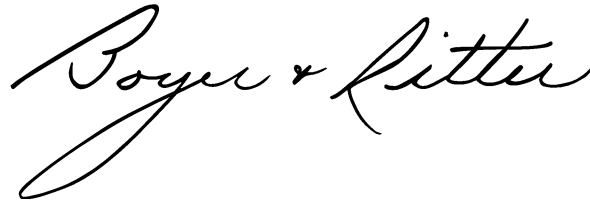
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements for the year ended March 31, 2023, as a whole. The supplementary Schedule of Revenues and Expenses on page 9 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 & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
October 17, 2023

**THE PHILADELPHIA PARKING AUTHORITY  
SPEED CAMERA ENFORCEMENT PROGRAM**

**SPECIAL-PURPOSE STATEMENT OF NET POSITION  
March 31, 2023**

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<b>Assets</b>	
Cash and cash equivalents	\$ 6,346,407
Due from Philadelphia Parking Authority, net	651,818
<b>Total assets</b>	<u>6,998,225</u>
 <b>Deferred Outflows of Resources</b>	
Deferred outflows for OPEB	<u>243,233</u>
 <b>Liabilities</b>	
Accounts payable and accrued expenses	478,840
Due to the Pennsylvania Department of Transportation	6,094,094
Net other post-employment benefits (OPEB) liability	593,080
<b>Total liabilities</b>	<u>13,738,948</u>
 <b>Deferred Inflows of Resources</b>	
Deferred inflows for OPEB	<u>75,444</u>
 <b>Net Position</b>	
<b>Total net position</b>	<u><u>\$ -</u></u>

See Notes to Special-Purpose Financial Statements.

**THE PHILADELPHIA PARKING AUTHORITY  
SPEED CAMERA ENFORCEMENT PROGRAM**

**SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN NET POSITION**

**Year Ended March 31, 2023**

<b>Operating Revenues</b>	<u>\$ 22,324,126</u>
Operating Expenses	
Direct operating expenses	3,629,744
Administrative expenses	812,453
Expense to the Pennsylvania Department of Transportation	<u>17,900,300</u>
<b>Total operating expenses</b>	<u>22,342,497</u>
<b>Operating loss</b>	(18,371)
Non-operating Revenues (Expenses)	
<b>Investment income</b>	<u>18,371</u>
<b>Change in net position</b>	-
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u>\$ -</u>

See Notes to Special-Purpose Financial Statements.

# THE PHILADELPHIA PARKING AUTHORITY SPEED CAMERA ENFORCEMENT PROGRAM

## NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

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### Note 1. Organization and History

#### General

The Philadelphia Parking Authority (the “Authority”) was given permission by the Pennsylvania General Assembly in 2018 to pilot the Speed Camera Enforcement Program (the “Program”) with PA Act 86. On September 19, 2019, Ordinance 190184 was signed by Philadelphia Mayor Jim Kenney to support the speed camera pilot program. The Program fully commenced in August 2020 at 8 sites with 32 cameras and has expanded since then. 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 Speed 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.

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.

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.



**THE PHILADELPHIA PARKING AUTHORITY  
SPEED CAMERA ENFORCEMENT PROGRAM**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

Operating Revenues: Operating revenues of the Program consist of revenue generated from enforcement of speed camera 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 Speed 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.

**Note 3. Cash**

At March 31, 2023, the carrying amount of cash was \$6,346,407 compared to a bank balance of \$6,396,512. The difference was 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, \$250,000 of the Program's bank balance was insured by the FDIC. The remaining balance is fully collateralized by securities pledged and held by the financial institution in accordance with Act 72, as indicated above.

**THE PHILADELPHIA PARKING AUTHORITY  
SPEED CAMERA ENFORCEMENT PROGRAM**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

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**Note 4. Service Agreements**

The Authority has a contract that pertains to the Speed Camera Enforcement Program with Verra Mobility to oversee and administer the program. The contract commenced operations August 1, 2020, at a price of \$2,995 per camera deployed along Route 1 corridor. As of March 31, 2023, a total of 40 cameras at 10 sites were installed for the Speed Camera Program. During the year ended March 31, 2023, the contract cost \$1,483,041.

**Note 5. 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 Speed 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.

**THE PHILADELPHIA PARKING AUTHORITY  
SPEED CAMERA ENFORCEMENT PROGRAM**

**NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS**

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**Note 6. 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 Speed 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  
SPEED CAMERA ENFORCEMENT PROGRAM**

**SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES  
Years Ended March 31, 2023**

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Revenues	
Violation revenue	\$ 22,324,126
Interest and other income	18,371
<b>Total program revenue</b>	<u>22,342,497</u>
 Expenses	
Direct Operating Expenses	
Equipment	1,488,070
Ticket processing fees	753,809
Philadelphia police department	122,066
Philadelphia department of finance	73,903
Personnel	850,619
Other	341,277
	<u>3,629,744</u>
Administrative - Philadelphia Parking Authority support	812,453
<b>Total program expenses</b>	<u>4,442,197</u>
 <b>Expense to the Pennsylvania Department of Transportation</b>	 <u><u>\$ 17,900,300</u></u>