PHILADELPHIA PARKING AUTHORITY - RED LIGHT CAMERA ENFORCEMENT PROGRAM

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED MARCH 31, 2025 AND 2024

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RED LIGHT CAMERA ENFORCEMENT PROGRAM
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Philadelphia Parking Authority
Philadelphia, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Philadelphia Parking Authority Red Light Camera Enforcement Program (the Program) as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program as of March 31, 2025 and 2024, and the changes in net position for the years then ended, in accordance with the financial reporting provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Program, as of March 31, 2025 and 2024, or changes in net position, for the years then ended.

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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2, the financial statements are prepared by the Program, on the basis of the financial reporting provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Commonwealth of Pennsylvania Speed Camera Enforcement Regulations. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations. Management is also responsible 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.

Auditors' 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 auditors' 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 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025, on our consideration of the Program'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 Program'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 Program's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
December 4, 2025

PHILADELPHIA PARKING AUTHORITY -
RED LIGHT CAMERA ENFORCEMENT PROGRAM
STATEMENTS OF NET POSITION
MARCH 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash	$ 7,935,126	$ 9,180,455
Due from Philadelphia Parking Authority, Net	9,283,189	9,221,663
Total Assets	17,218,315	18,402,118
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for OPEB	199,423	236,080
LIABILITIES		
Accounts Payable and Accrued Expenses	2,159,864	1,794,346
Due to Pennsylvania Department of Transportation	14,444,301	16,049,212
Other Post-Employment Benefits (OPEB) Liability	667,272	673,902
Total Liabilities	17,271,437	18,517,460
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for OPEB	146,301	120,738
NET POSITION	$ -	$ -

See accompanying Notes to Financial Statements.

PHILADELPHIA PARKING AUTHORITY -
RED LIGHT CAMERA ENFORCEMENT PROGRAM
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED MARCH 31, 2025 AND 2024

	2025	2024
OPERATING REVENUES	$ 33,633,174	$ 37,279,471
OPERATING EXPENSES		
Direct Operating Expenses	8,598,349	7,392,474
Administrative Expenses	2,498,412	1,678,180
Expense to Pennsylvania Department of Transportation	22,604,039	28,258,932
Total Operating Expenses	33,700,800	37,329,586
OPERATING LOSS	(67,626)	(50,115)
NONOPERATING INCOME		
Interest Income	67,626	50,115
CHANGES IN NET POSITION	-	-
Net Position - Beginning of Year	-	-
NET POSITION - END OF YEAR	$ -	$ -

See accompanying Notes to 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 financial statements in accordance with financial reporting provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations. The 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 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.

Due from Philadelphia Parking Authority

The Due from Philadelphia Parking Authority represents the net interfund activities to support the various operations and divisions of the Authority. Interfund balances are a result of the normal timing differences between the disbursement of funds, the reimbursement of those funds and the changes for the financial reporting provisions of the Commonwealth of Pennsylvania Red Light Camera Enforcement Regulations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 CASH

At March 31, 2025 and 2024, the carrying amount of cash was $7,935,126 and $9,180,455, respectively, compared to bank balances of $8,034,976 and $9,280,729, 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, 2025 and 2024, $250,000 and $250,000 of the Program's bank balances were insured by the FDIC, respectively. The remaining balances of $7,685,126 and $9,030,729 as of March 31, 2025 and 2024, 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, 2025 and 2024 were $5,078,425 and $4,219,593, 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.

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.

**PHILADELPHIA PARKING AUTHORITY -
RED LIGHT CAMERA ENFORCEMENT PROGRAM
SCHEDULES OF REVENUES AND EXPENSES
YEARS ENDED MARCH 31, 2025 AND 2024**

	2025	2024
REVENUES		
Violation Revenue	$ 33,633,174	$ 37,279,471
Interest and Other Income	67,626	50,115
Total Program Revenue	33,700,800	37,329,586
EXPENSES		
Direct Operating Expenses		
Equipment	5,078,425	4,219,593
Ticket Processing Fees	1,184,180	1,180,490
Philadelphia Police Department	232,483	265,578
Philadelphia Department of Finance	77,618	46,628
Personnel	1,050,862	966,541
Other	974,781	713,644
Total Direct Operating Expenses	8,598,349	7,392,474
Administrative - Philadelphia Parking Authority Support	2,498,412	1,678,180
Total Program Expenses	11,096,761	9,070,654
EXPENSE TO PENNSYLVANIA DEPARTMENT OF TRANSPORTATION	$ 22,604,039	$ 28,258,932

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Philadelphia Parking Authority
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Philadelphia Parking Authority Red Light Camera Enforcement Program (the Program), as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated December 4, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
December 4, 2025