

CITY OF PHILADELPHIA PENNSYLVANIA

OFFICE OF THE CONTROLLER

Promoting honest, efficient, and fully accountable government

PHILADELPHIA POLICE DEPARTMENT

*Follow-Up Review of Monies Owed
for Police Services*

MAY 2012



City Controller
ALAN BUTKOVITZ



PHILADELPHIA POLICE DEPARTMENT

Follow-Up Review of Police Receivables: Money Owed for Police Services

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Background:

As part of the City Controller's ongoing efforts to collect all monies owed the city, the Controller conducted a follow-up review of a January 2009 report entitled, "Philadelphia Police Department: Millions of Dollars Uncollected for Police Services & Reimbursements." The previous report was issued to ensure that the Philadelphia Police Department (PPD) was being reimbursed in a timely fashion by all entities for the services it provides for the many functions and events around the City of Philadelphia.

In the January 2009 report, the Controller found 779 entities owing \$6,657,193 to the City for PPD's services. These entities included bars, clubs, construction companies, financial institutions, various government agencies, and many other businesses and organizations. The total amount owed included both current balances as well as amounts that were owed for services dating back to 2001.

At a time when the City continues to search for opportunities to generate revenues and savings, the City must take aggressive actions to pursue all outstanding revenues. After releasing the city Controller's previous report, some of the largest delinquent entities satisfied their outstanding balances and are no longer delinquent in payments. This follow-up review is another opportunity for the City to generate more revenues that can help alleviate the financial burden placed on the City's budget.

Follow-Up Review Findings:

The Controller's Office obtained a current listing of receivable balances from the PPD to conduct this follow-up report. The following is a summary of findings:

- The city is owed \$5 million from 716 entities for police services.
- There's been a 25 percent decrease in total outstanding receivables since the City Controller issued the 2009 report.
- Amounts owed less than three months totaled \$3,098,434, a 34 percent decrease since the City Controller's 2009 report.
- The current "top 20" delinquent list includes 9 of the same entities with the largest balances over 90 days that were included in the prior report.

Recommendations

The Controller's Office has developed recommendations located at the end of the report that can assist the Philadelphia Police Department as well as the City of Philadelphia to generate new revenues and to reduce recurring delinquents.

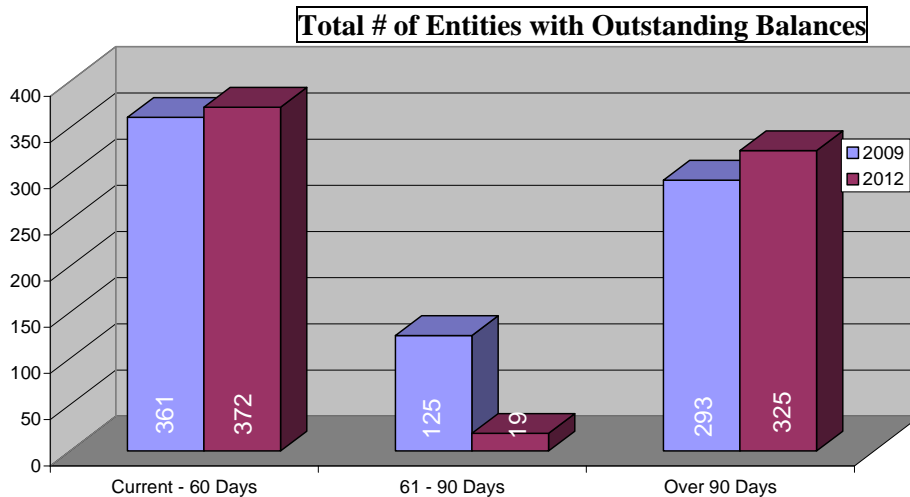
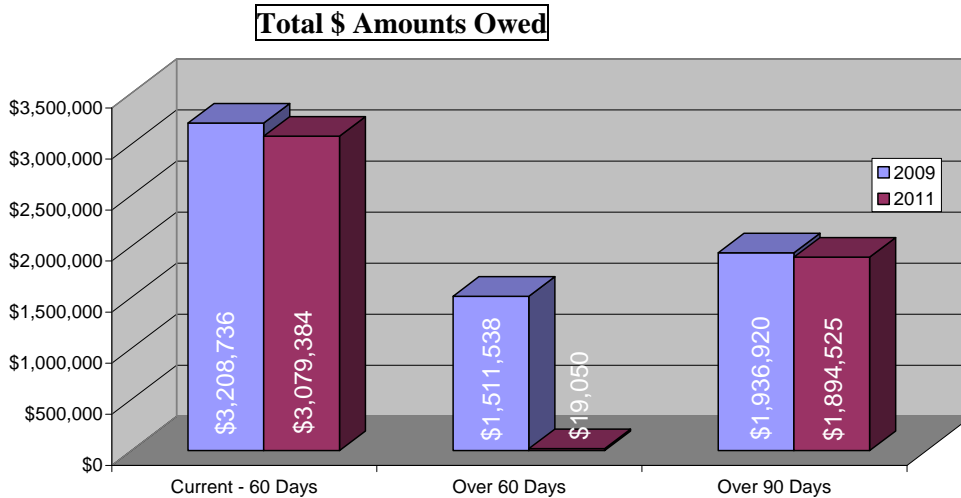
Summary of Findings:

The City Controller’s Office contacted the PPD to obtain the current list of aging receivables, which is maintained by the PPD. It was found that 716 entities owed \$4,992,559 for police services. The following table is a breakdown of the current amounts owed by their aging period in comparison to amounts owed in 2009:

Breakdown of Aging Receivables: 2009 vs 2012

Aging Period	Entities		Amount Owed	
	2009	2012	2009	2012
Current – 60 Days	361	372	\$3,208,736	\$3,079,384
61 - 90 Days	125	19	\$1,511,538	\$19,050
Over 90 Days	293	325	\$1,936,920	\$1,894,525
Totals	779	716	\$6,657,193	\$4,992,959

The current total outstanding balance is a 25 percent decrease from the \$6.7 million that was found to be owed in the City Controller’s 2009 report. Since the City Controller released the previous report, there has been an 8 percent decline in the total number of owing for police services, as indicated in the chart below.



Entities and Amounts Owed:

The City Controller's January 2009 report included a list of the top 20 entities that had delinquent accounts greater than 60 days old. In the follow-up review, 9 of those entities have been found to owe for police services with aging balances over 90 days. The following table includes entities that have delinquent amounts owed for more than 90 days:

Entities with Balances Owed Over 90 Days

Entity	Service(s)/Payment(s) Owed	Amount Due	Date of Oldest Aging Receivable
1. Commonwealth of PA**	Salary reimbursements/class tuitions	\$341,329	Jan. 8, 2007
2. Phillies**	Citizens Bank Park Traffic Details	\$232,719	Nov. 10, 2008
3. Ogontz Ave Revitalization Corp	Overtime Police Services/Security Detail	\$208,911	April 6, 2011
4. Dibo Auto Salvage**	Police Services	\$77,011	Sept. 5, 2006
5. Tiki Bob's Cantina**	Security Detail	\$59,178	July 17, 2007
6. Bicycle Coalition of Greater Philadelphia**	Police Services – Eakins Oval	\$57,882	Sept. 21, 2011
7. Delta Construction**	Police Services	\$57,052	Sept. 5, 2006
8. Ames**	Police Services	\$54,670	Sept. 5, 2006
9. City of Philadelphia Representative's Office*	Police Services – Penn's Landing	\$50,145	July 2, 2009
10. CJ Ashland Corporation**	Police Services	\$43,042	Sept. 5, 2006
11. Maui Entertainment Complex	Police Services	\$37,124	Sept. 5, 2006
12. Cory Erving Memorial League	Police Services	\$35,492	Sept. 5, 2006
13. Philadelphia Salvage	Police Services	\$33,197	Sept. 5, 2006
14. Gran Fondo Philadelphia, LLC	Police Services – Fairmount Park	\$32,354	Aug. 29, 2011
15. Cricket Communications	Security Detail	\$32,200	Jan. 6, 2011
16. Comcast Spectacor-Spectrum Arena**	Police Services – Wachovia Center	\$27,547	May 18, 2009
17. Club 27	Security Detail	\$21,815	Oct. 17, 2006
18. Universoul Circus	Police Services – 52 nd & Parkside	\$21,793	Nov. 3, 2011
19. Philadelphia Lubavitcher Center	Police Services	\$20,806	Jan. 14, 2011
20. Chuck E Cheese	Police Services	\$18,549	Sept. 5, 2006

*city government department – funds would be paid through City of Philadelphia

**entity included on Top 20 list from January 2009 report

Recommendations:

Since the City Controller released the January 2009, there has been a notable decrease in the total amounts owed for police services. While there are delinquent entities from the 2009 report that continue to owe the City money, the number of entities and amounts owed less than 90 days has decreased by 34 percent, signaling an improvement in the amount of time that the City receives payments for services rendered. In fact, amounts owed between 61 to 90 days have decreased from \$1.5 million in 2009 to \$19,050 in 2012.

To continue the decrease in amount of receivables owed the City for police services, the Controller's Office makes the following recommendations for the Philadelphia Police Department (PPD) and other appropriate departments:

- The PPD should continue to fully monitor its policy and current system for police services that are provided for recurring delinquents.
- Both the PPD and the Managing Director's Office should coordinate efforts to ensure that all deposits for police services are paid before any services are provided.
- For all receivables over 90 days delinquent, the PPD should seek the Law Department to take aggressive action on collecting the outstanding balances.
- The PPD should be reimbursed within 30 days or entities will endure interest and/or penalties for the past due amounts.
- For any government agencies and departments with outstanding balances, funds should be paid and/or transferred from the appropriate accounts so the receivables accounts can be adequately managed.