



PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)

**Financial Statements and
Required Supplementary Information
For the Years Ended December 31, 2018 and 2017
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners of the
Parking Authority of the City of Newark

Report on the Financial Statements

We have audited the accompanying financial statements of the Parking Authority of the City of Newark (the Authority), a component unit of the City of Newark, New Jersey, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

One Gateway Center
Newark, NJ 07102
T +1 201 806 7900
F +1 201 806 7910
mitchelltitus.com



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2018, and the change in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Audit of Prior Year Financial Statements

The 2017 financial statements were audited by other auditors and their report thereon, dated October 30, 2018, contained an unmodified opinion on those financial statements in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required schedule of the Authority's proportionate share of the net pension liability – PERS and the schedule of the Authority's contributions – PERS on pages 8 through 14 and 4 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The roster of officials and miscellaneous statistics are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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The roster of officials and miscellaneous statistics have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2019, 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 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 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 Authority's internal control over financial reporting and compliance.

January XX, 2020



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INDEPENDENT AUDITOR'S 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*

The Board of Commissioners of the
Parking Authority of the City of Newark

We have audited, in accordance with 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 Parking Authority of the City of Newark (the Authority), a component unit of the City of Newark, New Jersey, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January XX, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness, Finding 2018-001.

One Gateway Center
Newark, NJ 07102
T +1 201 806 7900
F +1 201 806 7910
mitchelltitus.com



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 determination of financial statement amounts. 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*.

The Authority's Response to the Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

January XX, 2020

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Schedule of Findings and Responses

2018-01 – Financial Statement Close Process – (Material Weakness)

Criteria or Specific Requirement:

Good internal controls over the financial statement close process are required to ensure accuracy, completeness and timely reporting of financial statements.

Condition and Context:

Deficiencies were identified involving internal control over financial reporting and its operation. We noted the following matters involving internal control over financial reporting and its operation that we consider to be weaknesses:

- Bond and swap transactions were not appropriately accounted for in the Authority's general ledger, or in accordance with generally accepted accounting principles (GAAP).
- Preparation of the financial statements lacked required note disclosures in accordance with GAAP.

Effect:

- Adjustments were made to the Authority's general ledger to reflect bond and swap transactions in accordance with GAAP, as follows:
 - Record the swap liability and deferred outflows of resources for \$1,060,077.
 - Correct the initial recording of bond issuance costs of \$637,036 from capital assets – construction in progress to expense (professional services), in accordance with GAAP.
- Changes in financial statement presentation were made and required disclosures were added for the financial statements to be presented in accordance with GAAP.

Cause:

Due to limited resources to implement controls, certain financial statement preparation procedures were overlooked.

There is currently a lack of formal structure and procedures regarding the financial statement close process, including an effective review and approval of the financial statements in accordance with GAAP.

Recommendations:

To improve internal control over the financial statement close process, we recommend the financial statement close checklists should be utilized to ensure financial statement accounts and disclosures are made in accordance with GAAP. Checklists should be reviewed timely for accuracy and completeness.

PARKING AUTHORITY OF THE CITY OF NEWARK
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Schedule of Findings and Responses (*continued*)

Views of Responsible Official and Plans for Corrective Action:

Management concurs with the audit findings.

This is the first time the Authority issued debt. The recording of the complex nature of the financing, interest rate swap/hedging derivative, was beyond our technical expertise. This fact was made known to the auditors at the onset of the audit and we requested their assistance in correctly recording the transaction and also the proper note disclosure.

Corrective Action:

The Authority will confer with our consultants to ensure all the transactions associated with this financing are recorded properly and the ensuing note disclosures reflect the same. Additionally, a formal review of the financial statements will be undertaken prior to the audit.



NEWARK PARKING AUTHORITY 50 Park Place · Suite 919 · Newark, New Jersey · 07102 · 973.623.6335 · 973.623.2854

ANTHONY C. MACK, ESQ.
Executive Director

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As management of the Parking Authority of the City of Newark (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2018 and 2017. Please read this analysis in conjunction with the Authority's financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements present the Authority's financial activities and position in three parts. They include the *Management's Discussion and Analysis* (this section), *the Basic Financial Statements and Supplementary Information*. The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These financial statements offer short and long-term financial information about its activities.

BASIC FINANCIAL STATEMENTS

The *Statement of Net Position* includes all of the Authority's assets, deferred outflow and inflows of resources, liabilities, and net position, and provides information about the nature and amounts of investments in resources (assets) and the obligations to authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the results of the Authority's operations over the past year and can be used to determine whether the Authority has recovered all of its costs through its revenue sources and other charges, operational stability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing activities and capital, and related financing activities.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the financial statements, such as the Authority's accounting methods and policies.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Management's Discussion and Analysis *(continued)*

FINANCIAL ANALYSIS OF THE AUTHORITY

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report the net position of the Authority and changes in the net position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other nonfinancial factors, such as changes in conditions, population growth, development, contractual requirements and new or changed government regulations.

A summary of the Authority's Statements of Net Position is as follows:

Condensed Statements Of Net Position

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Assets and deferred outflows of resources</i>			
Unrestricted	\$ 2,995,667	\$ 3,823,389	\$ 4,138,311
Restricted	38,028,449	4,912	4,911
Capital assets, net	5,048,121	2,560,353	2,053,396
Deferred outflows of resources	<u>2,871,367</u>	<u>1,936,178</u>	<u>2,642,150</u>
Total assets and deferred outflows of resources	<u>\$ 48,943,604</u>	<u>\$ 8,324,832</u>	<u>\$ 8,838,768</u>
<i>Liabilities and deferred inflows of resources</i>			
Current liabilities	\$ 1,438,201	\$ 717,761	\$ 957,060
Long-term liabilities	43,870,451	5,803,032	7,339,364
Deferred inflows of resources	<u>1,848,392</u>	<u>1,286,244</u>	<u>228,662</u>
Total liabilities and deferred inflows of resources	<u>\$ 47,157,044</u>	<u>\$ 7,807,037</u>	<u>\$ 8,525,086</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Net position</i>			
Net investment in capital assets	\$ 4,590,324	\$ 2,132,853	\$ 1,483,396
<i>Restricted</i>			
Parking asset acquisition	4,913	4,912	4,911
Unrestricted	<u>(2,808,677)</u>	<u>(1,619,970)</u>	<u>(1,174,625)</u>
Total net position	<u>1,786,560</u>	<u>517,795</u>	<u>313,682</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 48,943,604</u>	<u>\$ 8,324,832</u>	<u>\$ 8,838,768</u>

PARKING AUTHORITY OF THE CITY OF NEWARK
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Management's Discussion and Analysis (*continued*)

CURRENT ASSETS

Unrestricted assets were \$2,995,667 as of December 31, 2018, representing a net decrease of approximately \$827,722 as compared to the December 31, 2017, balance. The decrease is mainly attributed to the transfer of approximately \$637,000 to restricted cash for the construction of the new parking deck. The Authority has earmarked \$764,942 for the future acquisition and development of real estate to expand and improve its parking operations. Restricted cash had a balance of \$38,028,449 as of December 31, 2018, representing an increase of 38,023,537 as compared to December 31, 2017. This increase represents the proceeds from the bond sale and the transfer of unrestricted cash in the amount of \$637,047 and is earmarked for the construction of a parking facility.

Unrestricted assets were \$3,823,389 as of December 31, 2017, representing a net decrease of \$314,922 as compared to the December 31, 2016, balance. The Authority has earmarked approximately \$1.4 million for the future acquisition and development of real estate to expand and improve its parking operations. During 2017, \$164,700 was used for the Green Street project. Restricted cash had a balance of \$4,913 and \$4,912 at December 31, 2017 and 2016, respectively.

Accounts receivable decreased by \$402,054 from 2018 compared to 2017. The changes were predominately due to the timing of ticket sharing revenue payments received from the City of Newark and New Jersey Performing Arts Center (NJPAC) for the last two months of the year. Prepaid expenses increased \$23,354 from 2018 compared to 2017. This increase was primarily due to an increase in insurance premiums.

Accounts receivable increased by \$171,256 from 2016 compared to 2017. The changes were predominately due to the timing of ticket sharing revenue payments received from the City of Newark for the last three months of the year, along with an increase in revenue of approximately \$93,000 from 2016 compared to 2017. Prepaid expenses increased \$14,426 from 2016 compared to 2017. This increase is primarily due to part of the insurance third installment made in 2017.

NONCURRENT ASSETS

Noncurrent assets increased in 2018 by \$2,487,768 compared to 2017, which was due to an increase in capital assets, mainly for the Green Street Mixed-Use Parking Facility project, less depreciation of \$198,712.

Noncurrent assets increased in 2017 by \$506,957 compared to 2016, which was due to an increase in capital assets, mainly for the Green Street Mixed-Use Parking Facility Project, less depreciation of \$195,872.

PARKING AUTHORITY OF THE CITY OF NEWARK
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Management's Discussion and Analysis (*continued*)

CAPITAL ASSETS

Capital assets at December 31, 2018, 2017, and 2016 are as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Nondepreciable capital assets</i>			
Land	\$ 2,100,000	\$ -	\$ -
Construction in progress	1,822,760	1,465,990	763,162
Total nondepreciable capital assets	<u>3,922,760</u>	<u>1,465,990</u>	<u>763,162</u>
<i>Depreciable capital assets</i>			
Furniture and fixtures	72,670	72,670	72,670
Improvements	39,382	39,382	39,382
Meters	2,191,116	1,988,795	1,988,795
Computers	75,696	75,696	75,696
Vehicles	348,814	344,563	344,563
Total depreciable capital assets	2,727,678	2,521,106	2,521,106
Less: Accumulated depreciation	1,602,344	1,426,744	1,230,872
Total depreciable capital assets, net	<u>1,125,334</u>	<u>1,094,362</u>	<u>1,290,234</u>
Net capital assets	<u>\$ 5,048,094</u>	<u>\$ 2,560,352</u>	<u>\$ 2,053,396</u>

DEFERRED OUTFLOWS OF RESOURCES

A deferred outflow of resources is defined as "a consumption of net position by the government that is applicable to a future reporting period."

Deferred outflows of resources related to pension decreased in 2018 by \$124,888 compared to 2017. Deferred outflows of resources related to pension decreased in 2017 by \$705,972 compared to 2016. The decreases resulted from an overall decrease in pension liability from the State's actuarial calculation. See Note 10 for more information.

Deferred outflows of resources related to hedging derivatives represent changes in fair value of hedging derivatives. The value of the interest rate swap decreased as a result of the hedging float rate being less than the hedging fixed rate. See Note 8 for more information.

CURRENT LIABILITIES

Current liabilities are liabilities that will be paid within the next twelve (12) months after year end. Current liabilities increased in 2018 by \$720,440 and decreased in 2017 by \$239,299. The increase in 2018 was primarily due to an increase in accounts payable due to significant invoices related to the Green Street Mixed-Use Parking Facility project.

PARKING AUTHORITY OF THE CITY OF NEWARK
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Management's Discussion and Analysis *(continued)*

NONCURRENT LIABILITIES

The increase in noncurrent liabilities of \$38,067,419 from 2018 compared to 2017 was due to the issuance of bonds to finance the construction of the Green Street Mixed-Use Parking Facility project, the lease purchase of new parking meters, and derivative instrument – interest rate swap liability, related to the contract executed in 2018. The decrease of \$1,536,332 from 2016 compared to 2017 was due to the State actuarial calculation of the PERS net pension liability (local only), which resulted in a decrease of approximately \$1.4 million in the Authority's proportionate share.

DEFERRED INFLOWS OF RESOURCES

A deferred inflow of resources is defined as “an acquisition of net position by the government that is applicable to a future reporting period.”

Deferred inflows of resources related to pension increased in 2018 by \$562,148 compared to 2017. Deferred inflows of resources related to pension increased in 2017 by \$1,057,582 compared to 2016. The increase resulted from the State's actuarial pension calculation. See Note 10 for more information.

A summary of the Authority's Statements of Revenues, Expenses, and Changes in Net Position is as follows:

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 5,172,243	\$ 5,496,301	\$ 5,338,684
Nonoperating revenues	9,741	9,146	6,169
Total revenues	<u>5,181,984</u>	<u>5,505,447</u>	<u>5,344,853</u>
Operating expenses	5,757,736	5,079,931	5,248,804
Depreciation expense	198,712	195,872	205,239
Nonoperating expenses	56,771	25,531	32,656
Total expenses	<u>6,013,219</u>	<u>5,301,334</u>	<u>5,486,699</u>
(Loss) income before capital contribution	(831,235)	204,113	(141,846)
Capital contribution	<u>2,100,000</u>	<u>-</u>	<u>-</u>
Change in net position	1,268,765	204,113	(141,846)
Net position, beginning of year	<u>517,795</u>	<u>313,682</u>	<u>455,528</u>
Net position, end of year	<u>\$ 1,786,560</u>	<u>\$ 517,795</u>	<u>\$ 313,682</u>

PARKING AUTHORITY OF THE CITY OF NEWARK
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Management's Discussion and Analysis (*continued*)

OPERATING REVENUES

The Authority's operating revenues decreased in 2018 by \$324,058. The decrease was primarily due to a decrease in meter collections revenue and ticket sharing revenue. The Authority's operating revenues increased in 2017 by \$157,617 from 2016. The increase was primarily from an increase in ticket sharing revenue, and meter collections revenue.

OPERATING EXPENSES

Total operating expenses increased by \$680,645 due to increases in 2018 salaries, rent, and professional expenses. Bond issuance costs related to the 2018 Revenue Bond issuance are included in professional fees. Total operating expenses decreased by \$178,240 in 2017 from 2016, mainly from a decrease in pension expense, net.

NON-OPERATING REVENUES AND EXPENSES

Total non-operating revenue and expenses increased by \$30,645 due to an increase in interest expense in 2018 due to the government obligation contract entered into in 2018 for the capital lease of the parking meters and decreased in 2017 from 2016 by \$10,102 due to a decrease in interest expense.

NET POSITION

Total assets and deferred outflows of resources of the Authority for the year ended December 31, 2018, were approximately \$48.9 million, while total liabilities and deferred inflows of resources were approximately \$47.2 million, resulting in assets and deferred outflows of resources exceeding liabilities and deferred inflow of resources by approximately \$1.7 million. For the year ended December 31, 2017, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$517,795. In 2018, the Authority's net position increased by \$1,268,765. This increase can be attributed to the acquisition of land from the City of Newark for the Green Street mixed-use parking facility.

DEBT ADMINISTRATION

Upon execution of the interlocal agreement and transfer of certain parking meters on August 6, 2008 (See Note 1), the Authority is liable to make payments to the City of Newark for the retirement of Bonds in the amount of \$1,425,000. The bonds bear interest at 5%. See Note 7 for more information.

On December 21, 2018, the Authority issued Parking Revenue Bonds, Series 2018 in the amount of \$37,386,500 to finance the construction of the Green Street Mixed-Use Parking Facility. Principal is payable the first day of each month, commencing on July 1, 2020. The bond matures on December 20, 2048.

In order to both reduce the Authority's overall cost of borrowing long-term capital and protect against the potential of rising interest rates, the Authority entered into a pay-fixed receive-variable interest rate swap agreement. The objective of the swap is to hedge against changes in the cash flows of the associated variable-rate bonds.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Management's Discussion and Analysis (*continued*)

ECONOMIC FACTORS, FUTURE YEARS' BUDGETS, AND RATES

The Commissioners and management of the Authority consider many factors when preparing each year's budget. Some of the factors that were considered are: traffic patterns, increase in vehicle traffic due to development of various areas in Newark, the improved efficiency of the Authority's equipment, and personnel in issuing summons.

In connection with the normal conduct of the Authority's business, it could from time to time be involved in various claims and litigation that may result in positive or negative effects on the financial statements.

CONTACTING THE AUTHORITY

These financial statements are designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Parking Authority of the City of Newark, located at 50 Park Place, Suite 919, Newark, New Jersey 07102.

PARKING AUTHORITY OF THE CITY OF NEWARK

Statements of Net Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 2,457,290	\$ 2,906,388
Restricted cash	38,028,449	4,912
Investments	40,468	40,392
Accounts receivable	433,800	835,854
Prepaid expenses	64,109	40,755
Total current assets	<u>41,024,116</u>	<u>3,828,301</u>
Capital assets, net	5,048,121	2,560,353
Total assets	<u>46,072,237</u>	<u>6,388,654</u>
<i>Deferred outflows of resources</i>		
Change in fair value of hedging derivatives	1,060,077	-
Pension related	1,811,290	1,936,178
Total deferred outflows of resources	<u>2,871,367</u>	<u>1,936,178</u>
Total assets and deferred outflows of resources	<u><u>\$ 48,943,604</u></u>	<u><u>\$ 8,324,832</u></u>
LIABILITIES		
<i>Current liabilities</i>		
Accounts payable	\$ 1,116,390	\$ 365,192
Accrued expenses	93,851	195,040
Unearned revenue	15,029	15,029
Accrued interest	34,261	-
Bonds and notes payable	178,670	142,500
Total current liabilities	<u>1,438,201</u>	<u>717,761</u>
<i>Noncurrent liabilities</i>		
Bonds and notes payable	37,665,628	285,000
Derivative instrument - interest rate swap	1,060,077	-
Net pension liability	5,144,746	5,518,032
Total noncurrent liabilities	<u>43,870,451</u>	<u>5,803,032</u>
Total liabilities	<u>45,308,652</u>	<u>6,520,793</u>
<i>Deferred inflows of resources</i>		
Pension related	1,848,392	1,286,244
NET POSITION		
Net investment in capital assets	4,590,324	2,132,853
<i>Restricted</i>		
Parking asset acquisition and upgrade	4,913	4,912
Unrestricted	<u>(2,808,677)</u>	<u>(1,619,970)</u>
Total net position	<u>1,786,560</u>	<u>517,795</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 48,943,604</u></u>	<u><u>\$ 8,324,832</u></u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE CITY OF NEWARKStatements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Ticket sharing	\$ 1,889,463	\$ 2,177,332
Meter collections	2,555,479	2,586,414
Event parking	218,220	257,615
Military Parking Garage lease	488,979	460,755
Food truck permit program	20,102	14,185
Total operating revenues	<u>5,172,243</u>	<u>5,496,301</u>
OPERATING EXPENSES		
Salaries	2,244,244	2,172,122
Fringe benefits and payroll taxes	981,221	1,088,441
Pension expense	313,750	369,722
Professional fees	712,295	155,326
Lease payment - City of Newark	342,285	322,550
Rent	276,023	198,728
Administrative and general expenses	887,918	773,042
Depreciation	198,712	195,872
Total operating expenses	<u>5,956,448</u>	<u>5,275,803</u>
Operating (loss) income	(784,205)	220,498
NON-OPERATING REVENUES (EXPENSES)		
Interest income	9,741	9,146
Loss on disposition of capital asset	(2,263)	-
Interest expense	(54,508)	(25,531)
Total non-operating expenses, net	<u>(47,030)</u>	<u>(16,385)</u>
(Loss) income before capital contribution	(831,235)	204,113
Capital contribution	<u>2,100,000</u>	<u>-</u>
Increase in net position	1,268,765	204,113
Net position, beginning of year	<u>517,795</u>	<u>313,682</u>
Net position, end of year	<u><u>\$ 1,786,560</u></u>	<u><u>\$ 517,795</u></u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE CITY OF NEWARK
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from ticket sharing	\$ 2,100,252	\$ 2,142,671
Cash received from meter collections	2,686,428	2,448,740
Cash received from event parking	195,520	257,615
Cash received from lease and other	592,097	462,661
Payments to employees	(2,300,554)	(2,134,938)
Payments for employee benefits and payroll taxes	(1,018,113)	(700,298)
Other operating disbursements	<u>(1,489,884)</u>	<u>(2,133,846)</u>
Net cash provided by operating activities	<u>765,746</u>	<u>342,605</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	-	(101)
Interest on investments	9,741	9,146
Miscellaneous meter receipts	<u>51</u>	<u>-</u>
Net cash provided by investing activities	<u>9,792</u>	<u>9,045</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(386,422)	(681,354)
Interest expense	(29,153)	(28,500)
Repayments of long-term debt	(172,024)	(142,500)
Proceeds from bond issuance	<u>37,386,500</u>	<u>-</u>
Net cash provided by (used by) capital and related financing activities	<u>36,798,901</u>	<u>(852,354)</u>
Net increase (decrease) in cash	37,574,439	(500,704)
Cash, beginning of year	<u>2,911,300</u>	<u>3,412,004</u>
Cash, end of year	<u><u>\$ 40,485,739</u></u>	<u><u>\$ 2,911,300</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating (loss) income	\$ (784,205)	\$ 220,498
<i>Adjustments to reconcile operating (loss) income to net cash provided by operating activities</i>		
Depreciation and amortization expenses	198,712	195,872
Pension expense	313,750	369,722
Change in:		
<i>(Increase)/decrease in assets</i>		
Accounts receivable	402,054	(171,256)
Prepaid expenses	(23,354)	(14,426)
<i>Increase/(decrease) in liabilities</i>		
Accounts payable	751,198	(274,670)
Accrued expenses	(92,409)	16,865
Net cash provided by operating activities	<u>\$ 765,746</u>	<u>\$ 342,605</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Decrease in fair value of hedging derivatives	<u>\$ (1,060,077)</u>	<u>\$ -</u>
Recognition of capital contribution	<u>\$ (2,100,000)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 1 GENERAL

Authorizing Legislation

The Parking Authority of the City of Newark, hereinafter called the "Authority", was created and established by virtue of an ordinance duly adopted by the City Council of the City of Newark entitled, "An Ordinance Creating the Parking Authority of the City of Newark, Adopted by the Municipal Council August 3, 1955," adopted on April 4, 1956, creating the Parking Authority of the City of Newark (collectively the "Creation Ordinance"), pursuant to the Parking Authority Law (N.J.S.A. 40p:11a-1 et seq.) of the State of New Jersey, as amended and supplemented (the "Act"). The Authority is a public body corporate and politic of the State of New Jersey and an agency of the City with all the powers, privileges and authority conferred by the Act. Its Board consists of five members appointed by the Mayor of Newark with the advice and consent of the City Council. The Authority has no stockholders or equity holders. Accounts of the Authority are maintained in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

It is the purpose and policy of the Authority, among other things, to provide such services and facilities as permitted under the Act and by contract with the City of Newark including (i) enforcing applicable statutes, ordinances and regulations governing parking in the City of Newark, including ticketing and the provision, either directly or indirectly, of towing services and storage and impound facilities; (ii) operating the parking meter operation of the City including maintaining, servicing and enforcement relating thereto; and (iii) management of the Parking Enforcement Officers in the performance of their duties.

On August 6, 2008, the City of Newark, upon approval of resolution 7R1-BE "Inter-local Agreement", authorized the delivery of certain parking assets (parking meters) to the Parking Authority of the City of Newark, and obligated the Authority to make certain periodic payments to the City in respect of debt service on City obligations to finance such parking assets. The Authority took control of the parking assets and meter collections on September 8, 2008. The Inter-local Agreement also gave the Newark Parking Authority the power to issue meter violation tickets, provide motor vehicle towing services, operate storage facilities and issue residential parking permits.

Upon execution of the above agreement, the Authority received parking assets (parking meters) worth \$957,739 and cash in the amount of \$542,261. The cash proceeds are restricted by the City of Newark for the future purchase of parking assets only. As of December 31, 2018 and 2017, the unspent restricted funds amounted to \$4,913 and \$4,912, respectively. The Authority was held liable for Bond Anticipation Notes in the amount of \$1,425,000, which is explained in detail in Note 7.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority presents its financial statements in accordance with U.S. GAAP, as established by the Governmental Accounting Standards Board (GASB). For financial reporting purposes, the Authority is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-Agency transactions have been eliminated.

The term measurement focus is used to denote what is being measured and reported in the Authority's financial statements. The Authority is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Authority is better or worse off economically as a result of events and transactions of the period.

The Authority adopted the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments*. Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. It requires the classification of net position into three components, net investment in capital assets, restricted, and unrestricted.

The classifications of net position are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position is subject to external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of Accounting *(continued)*

The Authority's policy is to first apply restricted resources when an expense is incurred for purposes in which both restricted and unrestricted funds are available.

The Authority's financial statements include all the accounts of the Authority's operations. The primary criterion for including activities within a reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the primary government holds the corporate powers of the organization;
- the primary government appoints a voting majority of the organization's board;
- the primary government is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the primary government;
- there is a fiscal dependency by the organization on the primary government.

Based on the above criterion, the Authority is a component unit of the City of Newark and the Authority has no component units.

Non-exchange Transactions

The Authority also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. This Statement required that capital contributions to the Authority be presented as a change in net position.

Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows/inflows of resources and liabilities, 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. Estimates are used for, but not limited to, depreciation and contingencies. Actual results could differ from those estimates. Significant estimates include the useful lives of capital assets and depreciation expense, net pension liability and related deferred outflows and inflows of resources, and derivative swap liability.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating Revenues and Revenue and Cost Recognition

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. The Authority recognizes meter revenues as they are collected and recognizes all other revenues in accordance with customer agreements. The costs of such services are accrued as incurred.

Compensated Absences

The Authority permits employees to accrue unused vacation and sick pay. Vacation pay may be taken as time off or paid upon retirement at an agreed upon rate. Vacation leave may be carried to the next succeeding calendar year only. Sick pay may only be taken as time off or paid upon retirement with no more than 24 accumulated sick days at rates determined by the Board or designee. Accumulated compensated absences amounted to \$87,524 and \$90,653 for the years ended December 31, 2018 and 2017, respectively. Such amounts are reflected in the statements of net position as accrued expenses.

Accounts Receivable

Accounts receivable is primarily comprised of amounts due from the New Jersey Performing Arts Center Corporation (NJPAC) for the basic rent for the months of November and December, and from amounts due from the City of Newark of the Authority's portion of ticket sharing revenue for the months of November and December. The Authority believes that an allowance for doubtful accounts is not necessary due to its past history of collecting all accounts from NJPAC and due to its past dealings with the City of Newark.

Impairment of Capital Assets

The Authority assesses capital assets for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset have both significantly and unexpectedly declined. For the years ended December 31, 2018 and 2017, management has determined that there was no impairment of capital assets.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred Outflows/Inflows of Resources

The statements of net position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then.

The deferred outflows of resources related to hedging derivative instruments represent the cumulative change in its fair value.

The Authority's other deferred outflows and deferred inflows are a result of its participation in the pension plan (see Note 10) and derivatives (see Note 8).

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Derivative Instruments – Interest Rate Swap

The Authority entered into an interest rate swap agreement with a counterparty to hedge the interest rate exposure associated with variable-rate debt and to reduce the overall borrowing costs. The swap is structured whereby the Authority pays a fixed interest rate to a counterparty in exchange for the same counterparty paying to the Authority a variable interest rate, which is established based upon a common market index.

The swap is reported at fair value and classified as a hedging derivative. The hedging derivative includes a swap with critical terms that has not changed since its inception. The change in fair value of the hedging derivative is reported on the statements of net position, which equals the value of the corresponding swap.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adopted Accounting Standards

GASB Statement No. 85, *Omnibus 2017*, effective for the Authority's fiscal year ended December 31, 2018, addresses practice issues that have been identified during the implementation and application of certain GASB Statements and enhances consistency in the application of accounting and financial reporting requirements. Adoption of this standard did not have a significant impact on the Authority's basic financial statements.

Accounting Standards Issued But Not Yet Adopted

The GASB issued the following Statements that will become effective in future reporting periods. Management is currently evaluating the potential impact on the Authority's financial statements.

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, effective for the Authority's fiscal year ended December 31, 2019.
- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, effective for the Authority's fiscal year ended December 31, 2019.
- GASB Statement No. 87, *Leases*, issued June 2017, effective for the Authority's fiscal year ending December 31, 2020.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, effective for the Authority's fiscal year ended December 31, 2019.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, issued June 2018, effective for the Authority's fiscal year ending December 31, 2020.

Reclassification

Certain line items in the December 31, 2017, financial statements have been reclassified to conform to the December 31, 2018, presentation.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance-related Legal and Contractual Provisions

The management of the Authority is not aware of any violations of finance-related legal and contractual provisions.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 4 CASH, CASH EQUIVALENTS AND INVESTMENTS

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

- The market value of the collateral must equal 5% of the average daily balance of public funds; or
- If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The Authority has complied with all statutes and regulations applicable to deposits and investments.

Cash equivalents include demand deposit checking and savings accounts and money market funds with maturity dates of less than three months.

Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates fair value. Cash deposits, cash equivalents, and investments were held by the Authority's Trustee in the Authority's name.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an authority will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act (GUDPA) mitigate this risk.

Interest Rate Risk

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 4 CASH, CASH EQUIVALENTS AND INVESTMENTS *(continued)*

Concentrations

The Authority's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets.

As of December 2018 and 2017, the Authority's cash deposits were \$40,485,739 and \$2,911,300, respectively. The bank balances as of December 31, 2018 and 2017, were \$39,615,470 and \$3,073,002, respectively. As of December 31, 2018 and 2017, \$1,246,383 and \$971,111, respectively, was covered by federal depository insurance. The remaining bank balances were covered by GUDPA, N.J.S.A. 17:9-41, *et seq.*, for all New Jersey governmental units' deposits.

Investments

New Jersey statutes establish the following securities as eligible for the investment of Authority funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- (c) Bonds or other obligations of the New Jersey school district in which the Authority is located.
- (d) Bonds or other obligations, having a maturity date of not more than 12 months from the date of purchase, which are approved by the New Jersey Department of Treasury, Division of Investments.
- (e) Qualified mutual funds with portfolios limited to (i) bonds or other obligations of, or guaranteed by, the United States of America; and (ii) repurchase agreements fully collateralized by such obligations. These investments must be transacted only through national or state banks located within New Jersey.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 4 CASH, CASH EQUIVALENTS AND INVESTMENTS *(continued)*

Investments *(continued)*

As of December 31, 2018 and 2017, the Authority's investments consisted of:

	<u>20188</u>	<u>20177</u>
Certificates of deposit	<u>\$ 40,468</u>	<u>\$ 40,392</u>

This certificate of deposit has a 12 months term with an interest rate of 0.20% and matures in 2019.

Fair Value Measurements

Pursuant to the requirements of the accounting standard related to fair value measurements, the Authority has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets that have been accounted for at fair value on a recurring basis as of December 31, 2018 and 2017, along with the basis for the determination of fair value:

	<u>Basis for Valuation</u> <u>Observable</u> <u>Measurement</u> <u>Criteria</u> <u>(Level 2)</u>
Certificates of deposit - 2018	<u>\$ 40,468</u>
Certificates of deposit - 2017	<u>\$ 40,392</u>

For applicable assets and liabilities subject to fair value measurement, the Authority will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible (Level 1). To the extent that such market prices are not available, the Authority will next attempt to value such assets and liabilities using quoted market prices in active and inactive markets for similar assets and liabilities and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Authority will develop measurement criteria based on the best information available (Level 3).

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 5 CAPITAL ASSETS

Capital assets are reported at cost. The Authority depreciates capital assets using the straight-line method with useful lives ranging from 3 to 30 years. Capital asset activity for the years ended December 31, 2018 and 2017, was as follows:

	January 1, 2018	Additions	Deletions/ Transfers	December 31, 2018
<i>Nondepreciable capital assets</i>				
Land	\$ -	\$ 2,100,000	\$ -	\$ 2,100,000
Construction in progress	1,465,991	356,797	-	1,822,788
Total nondepreciable capital assets	1,465,991	2,456,797	-	3,922,788
<i>Depreciable capital assets</i>				
Furniture and fixtures	72,670	-	-	72,670
Improvements	39,382	-	-	39,382
Meters	1,988,795	202,321	-	2,191,116
Office equipment	75,696	-	-	75,696
Vehicles	344,563	29,625	(25,375)	348,813
Total depreciable capital assets	2,521,106	231,946	(25,375)	2,727,677
Less: Accumulated depreciation and amortization	1,426,744	198,712	(23,112)	1,602,344
Total depreciable capital assets, net	1,094,362	33,234	(2,263)	1,125,333
Net capital assets	\$ 2,560,353	\$ 2,490,031	\$ (2,263)	\$ 5,048,121
	January 1, 2017	Additions	Deletions/ Transfers	December 31, 2017
<i>Nondepreciable capital assets</i>				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	763,162	702,829	-	1,465,991
Total nondepreciable capital assets	763,162	702,829	-	1,465,991
<i>Depreciable capital assets</i>				
Furniture and fixtures	72,670	-	-	72,670
Improvements	39,382	-	-	39,382
Meters	1,988,795	-	-	1,988,795
Office equipment	75,696	-	-	75,696
Vehicles	344,563	-	-	344,563
	2,521,106	-	-	2,521,106
Less: Accumulated depreciation and amortization	1,230,872	195,872	-	1,426,744
Total depreciable capital assets	1,290,234	(195,872)	-	1,094,362
Net capital assets	\$ 2,053,396	\$ 506,957	\$ -	\$ 2,560,353

Depreciation and amortization expense for the years ended December 31, 2018 and 2017, was \$198,712 and \$195,872, respectively.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 6 LEASE AND SUBLEASE OF MILITARY PARKING GARAGE

On August 14, 1997, the City of Newark leased to the Authority the property known as the Military Parking Garage for a term of 50 years.

Under the terms of the lease, the Authority will pay to the City of Newark, each month, the basic rent which equals the City's debt service payments on the Redevelopment Bonds which is approximately \$36,000 per month. In addition, the lease requires the Authority to pay the City 70% of the net profits as defined in the lease. The remaining 30% is retained by the Authority for operations. As of December 31, 2018 and 2017, the amount due to the City was \$86,350 and \$198,728, respectively, and total lease expense to the City for 2018 and 2017 was \$342,285 and \$322,550, respectively.

The Authority subleased the Military Parking Garage to the New Jersey Performing Arts Center Corporation (NJPAC) for a term of 50 years. Under the terms of the lease, NJPAC operates and manages the facility. NJPAC was required to pay the Authority each month the basic rent which equaled the City's debt service payments on the Redevelopment Bonds, which was approximately \$36,000 per month. After July 2016, the NJPAC was not required to pay basic rent as the debt was retired by new financing secured by NJPAC as described in the following paragraph. NJPAC was also required to pay the Authority 45% of the net profits as defined in the lease.

In July 2016, the sublease was amended whereas the NJPAC secured a \$3,321,000 loan. Of this loan, \$2,321,000 was for the retirement of the City of Newark's Redevelopment Bonds, with the remaining \$1,000,000 to be used to finance the Renovation Project. The term of the loan is 10 years and the debt service will be considered an operating expense of the NJPAC for the duration of the loan.

The net profits paid to the Authority by NJPAC were \$488,979 and \$460,755 for the years ended December 31, 2018 and 2017, respectively. Of the net profits paid to the Authority, 70% was remitted to the City of Newark, which amounted to \$342,285 and \$322,550 for the years ended December 31, 2018 and 2017, respectively.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 7 LONG-TERM DEBT

Bonds and Notes Payable

Upon execution of the inter-local agreement and transfer of certain parking assets (parking meters) on August 6, 2008, the Authority became liable to make payments to the City of Newark for Bond Anticipation Notes issued in the amount of \$1,425,000. The notes, originally issued January 24, 2008, with a maturity of January 23, 2009, were renewed through January 20, 2010. Upon maturity, the debt service payments of the notes were negotiated and repayments began on June 1, 2011, with final payment due on June 1, 2020.

Ten annual principal repayments of \$142,500 are due until maturity. The notes bear interest of 5.00%. Interest expense for the years ended December 31, 2018 and 2017, amounted to \$14,250 and \$21,375, respectively. Future debt service payments on the note include principal payments of \$142,500 in 2019 and 2020, and, interest payments of \$14,250 and \$7,125 in 2019 and 2020, respectively.

The City of Newark permanently funded the Series 2010 Notes with the issuance of the Series 2010A Bonds dated June 9, 2010. Regardless of the City's permanent financing of the Series 2010 Notes, the negotiated repayment terms have remained unchanged.

On December 21, 2018, the Authority issued Parking Revenue Bonds, Series 2018 in the amount of \$37,386,500 to finance the construction of the Green Street Mixed-Use Parking Facility. Principal is payable the first day of each month, commencing on July 1, 2020. The Bonds mature on December 20, 2048.

Interest on the bond is payable monthly using variable interest rates reset on a monthly basis based on the London Interbank Offered Rate (LIBOR). At December 31, 2018, the variable interest rate payable was 3.6837%.

Swap Payments and Associated Debt

Net swap payments and related debt service requirements subsequent to December 31, 2018, assuming current interest rates remain the same for the term of the agreement, are as follows:

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 7 LONG-TERM DEBT *(continued)*

Swap Payments and Associated Debt *(continued)*

<u>Year Ending December 31</u>	<u>Principal Maturities</u>	<u>Interest</u>	<u>Hedging Derivative</u>	<u>Total</u>
2019	\$ -	\$ 1,377,206	\$ 140,685	\$ 1,517,891
2020	401,327	1,377,206	140,685	1,919,218
2021	718,882	1,362,422	139,175	2,220,479
2022	749,039	1,335,941	136,470	2,221,450
2023	780,461	1,308,349	133,651	2,222,461
2024-2028	4,493,271	6,086,240	621,727	11,201,238
2029-2033	5,345,573	5,198,736	-	10,544,309
2034-2038	6,663,151	4,115,082	-	10,778,233
2039-2043	8,183,637	2,780,481	-	10,964,118
2044-2048	10,051,159	1,141,259	-	11,192,418
	<u>\$ 37,386,500</u>	<u>\$ 26,082,922</u>	<u>\$ 1,312,393</u>	<u>\$ 64,781,815</u>

Debt Service Requirements

As rates vary, variable-rate bond interest payments and net swap payments will vary.

The Authority is leasing pay and display meters totaling \$194,970 under capital leases. The following is a schedule of future minimum lease payments under these capital leases and the present value of the net minimum lease payments as of December 31, 2018:

2019	\$ 44,763
2020	44,763
2021	44,762
2022	44,762
2023	7,460
Total minimum lease payments	186,510
Less: Amount representing interest	21,065
Present value of net minimum lease payments	<u>\$ 165,445</u>

PARKING AUTHORITY OF THE CITY OF NEWARK
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Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 8 HEDGING DERIVATIVE INSTRUMENTS – INTEREST RATE SWAP

In order to both reduce the Authority’s overall cost of borrowing long-term capital and protect against the potential of rising interest rates, the Authority entered into a pay-fixed receive-variable interest rate swap agreement. The objective of the swap is to hedge against changes in the cash flows of the associated variable-rate bonds.

Swaps are deemed either hedging derivative instruments or investment derivative instruments based upon the effectiveness of the agreements to hedge against interest rate exposure associated with variable-rate debt. The regression analysis method is used to determine whether the swaps are an effective hedge. Based upon this criteria, the Authority’s derivative is considered a hedging derivative.

The fair value of hedging derivatives is reported as Derivative Instruments – Interest Rate Swap. The changes in fair value of hedging derivative instruments are reported within Deferred Outflows of Resources. Fair values are obtained from calculations prepared by a valuation provider and approximate the current economic value using market indexes, interest rates and cash flow models. The fair value represents the current price to settle the swap in the marketplace if the swap agreement were to end unexpectedly.

Since interest rates have generally decreased since the swap became effective, the Authority’s portfolio of swaps had a negative fair value at December 31, 2018.

Fair Value

Interest rate swaps are reported at fair value measured by Level 2 inputs based upon observable values other than quoted prices, including interest rates and yield curves observable at commonly quoted intervals, implied volatilities and other market-corroborated inputs.

The fair value and notional amount of the derivative instrument outstanding at December 31, 2018 and 2017, and the changes in fair value of the derivative instrument for the years then ended as reported in the 2018 and 2017 financial statements are as follows:

	December 31, 2017	Changes in Fair Value		Fair Value at December 31, 2018		Notional
		Classification	Amount	Classification	Amount	
<i>Cash flow hedges</i>						
Pay-fixed interest rate swap	\$ -	Deferred (outflows)/inflows	\$ (1,060,077)	Noncurrent liabilities	\$ (1,060,077)	\$ 37,386,500

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Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 8 HEDGING DERIVATIVE INSTRUMENTS – INTEREST RATE SWAP (continued)

Fair Value (continued)

The terms and other information respective of the Authority's hedging derivative instrument outstanding at December 31, 2018, are detailed as follows:

Bond Series	Effective Date	Maturity Date	Fixed Rate Paid	Variable-rate Received*	Current Notional Amount	Counterparty	Moody's/ S&P	2018 Fair Value
2018 Parking Revenue Bond	December 21, 2018	December 20, 2028	4.06%	81.5% of 1-month LIBOR plus 163 basis points	\$37,386,500	TD Bank	Aa1/AA-	\$1,060,077

*Variable-rate was 3.6837% at December 31, 2018.

Credit Risk

At December 31, 2018, the Authority's hedging derivative was not exposed to credit risk. The Authority's swap relies upon the performance of the counterparty. If the interest rate rises and the total fair value of the swap with the counterparty becomes positive, the Authority may be exposed to credit risk on the agreement – the risk that the counterparty fails to perform according to contractual obligations.

Basis Risk and Interest Rate Risk

The Authority is exposed to basis risk to the extent the changes in the rates associated with the Authority's variable-rate bonds do not exactly offset the changes in the index rates associated with the corresponding swap. The Authority is not exposed to interest rate risk on its swap.

Rollover Risk

Rollover risk is the risk that a swap associated with a bond issue does not extend to the maturity of that debt, thereby creating unhedged variable-rate debt. The swap is exposed to rollover risk. The Bond maturity date is December 20, 2048, and the swap termination date is December 20, 2028.

Termination Risk

The Authority maintains the option to terminate its swap at any time, while the Authority or the counterparty may terminate a swap if either party fails to perform under the terms of the agreement. If a swap has a negative fair value at the time of termination, the Authority would be liable to the counterparty for an amount equal to that negative fair value.

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Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 9 LONG-TERM LIABILITIES

The tables below summarize the total additions and total reductions in long-term liabilities during fiscal years 2018 and 2017.

	Balance at January 1, 2018	Additions	Reductions	Balance at December 31, 2018	Current Portion
Bonds and notes payable	\$ 427,500	\$ 37,559,298	\$ (142,500)	\$ 37,844,298	\$ 178,670
Total	\$ 427,500	\$ 37,559,298	\$ (142,500)	\$ 37,844,298	\$ 178,670
	Balance at January 1, 2017	Additions	Reductions	Balance at December 31, 2017	Current Portion
Bonds and notes payable	\$ 570,000	\$ -	\$ (142,500)	\$ 427,500	\$ 142,500
Total	\$ 570,000	\$ -	\$ (142,500)	\$ 427,500	\$ 142,500

NOTE 10 PENSION PLAN

Employees of the Authority that are eligible to participate in the State of New Jersey, PERS. PERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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NOTE 10 PENSION PLAN *(continued)*

Service retirement benefits of 1/55 of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60 of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Employer and Employee Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets. During the years ended December 31, 2018 and 2017, the PERS received employer and employee contributions from the Authority as follows:

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Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 10 PENSION PLAN *(continued)*

Employer and Employee Contributions *(continued)*

	<u>2018</u>	<u>2017</u>
Employer contributions	\$ 259,903	\$ 219,597
Employee contributions	129,630	129,657
Salary basis for contributions	1,737,808	1,784,411
Employee contribution rate	7.34% - 7.50%	7.20% - 7.34%

In accordance with GASB No. 68, the measurement date shall not be earlier than 1 year from the statement of net position date; therefore, the Authority has elected to utilize June 30, 2018 and 2017, respectively, as the measurement date.

The Authority's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2018 and 2017. At December 31, 2018 and 2017, the Authority's proportionate share and net pension liability was as follows:

	<u>2018</u>	<u>2017</u>
Local share PERS net pension liability	\$19,689,501,539	\$23,278,401,588
Authority net pension liability	5,144,746	5,518,032
Authority's proportion	0.0261293889%	0.0237045133%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense, net is comprised of the following:

	<u>2018</u>	<u>2017</u>
Proportionate share of allocable plan pension expense	\$ 285,200	\$ 398,006
Pension expense related to specific liabilities of individual employers	-	(219,597)
Net amortization of deferral amounts from changes in proportion	288,454	191,310
Other changes	-	3
Total employer pension expense, excluding that attributable to employer-paid member contributions	<u>\$ 573,654</u>	<u>\$ 369,722</u>

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NOTE 10 PENSION PLAN *(continued)*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(continued)*

At December 31, 2018 and 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS as follows:

	2018	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 847,769	\$ 1,645,016
Net difference between projected and actual earnings on pension plan investments	-	48,258
Changes in proportion and differences between the Authority contributions and proportionate share of contributions	865,410	128,590
Net difference between projected and actual experience	98,111	26,528
	<u>\$ 1,811,290</u>	<u>\$ 1,848,392</u>
	2017	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,111,693	\$ 1,107,618
Net difference between projected and actual earnings on pension plan investments	37,574	-
Changes in proportion and differences between contributions and proportionate share of contributions	659,980	178,626
Net difference between projected and actual experience	129,931	-
	<u>\$ 1,939,178</u>	<u>\$ 1,286,244</u>

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NOTE 10 PENSION PLAN *(continued)*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions *(continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending December 31:</u>	<u>Authority Share</u>
2019	\$ 1,712
2020	(2,370)
2021	(16,995)
2022	(14,732)
2023	(4,717)
	<u>\$ (37,102)</u>

Actuarial Assumptions

The collective total pension liability in the June 30, 2018 and 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2018</u>	<u>2017</u>
Inflation rate	2.25%	2.25%
Salary increases thru 2026	1.65-4.15%	1.65-4.15%
Thereafter	based on age 2.65-5.15%	based on age 2.65-5.15%
Investment rate of return	based on age 7.00%	based on age 7.00%

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NOTE 10 PENSION PLAN *(continued)*

Actuarial Assumptions *(continued)*

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's Conduent Modified MP-2014 Projection Scale. Postretirement mortality rates were based on RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013, using Projection Scale AA and a generational approach based on the Conduent 2014 Projection Scale thereafter. Disability retirement rates used to value disable retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018, are summarized in the following table:

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Years Ended December 31, 2018 and 2017

NOTE 10 PENSION PLAN *(continued)*

Long-Term Expected Rate of Return *(continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment-grade credits	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit-oriented hedge funds	1.00%	6.60%
Debt-related private equity	2.00%	10.63%
Debt-related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity-related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S.-developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.080%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00%, and a municipal bond rate of 3.87% and 3.85% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 10 PENSION PLAN *(continued)*

Discount Rate *(continued)*

The following presents the Authority's proportionate share of the collective net pension liability measured as of June 30, 2018 and 2017, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sensitivity of the Authority's Proportionate Share of the PERS Local Share Net Pension Liability to Changes in the Discount Rate

	2018		
	At 1% Decrease 4.66%	At Current Discount Rate 5.66%	At 1% Increase 6.66%
Authority's proportionate share of the net pension liability	\$ 6,468,926	\$ 5,144,746	\$ 4,033,845

	2017		
	At 1% Decrease 4.00%	At Current Discount Rate 5.00%	At 1% Increase 6.00%
Authority's proportionate share of the net pension liability	\$ 6,845,498	\$ 5,518,033	\$ 4,412,092

NOTE 11 COMMITMENTS AND CONTINGENCIES

The Authority leases office space under operating leases. The office lease is a non-cancellable lease which was renewed December 23, 2014, for a period of five years. Rent expense for the years ended December 31, 2018 and 2017, amounted to \$198,728.

The approximate aggregate future minimum annual office rental commitments under this non-cancelable lease are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 163,000
	<u>\$ 163,000</u>

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Years Ended December 31, 2018 and 2017

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Litigation

In the normal course of business, the Authority is involved in certain legal matters. The Authority is currently involved in two litigation matters, and received one notice of claims, all of which pertain to contract disputes. With regard to the notice of claim, if the matter is ever litigated, management believes it is adequately covered by insurance. No liabilities have been recorded as the outcome of these matters remain uncertain.

Construction

As of December 31, 2018, the Authority had entered into construction contracts totaling \$34,974,000, of which \$34,974,000 was still outstanding.



REQUIRED SUPPLEMENTARY INFORMATION

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Schedule of the Authority's Proportionate Share of the Net Pension Liability – PERS

	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability	0.0261293889%	0.0237045133%	0.0233373856%	0.0247405062%	0.2067612000%
Authority's proportionate share of the net pension liability	\$ 5,144,746	\$ 5,518,032	\$ 6,911,864	\$ 5,553,748	\$ 3,871,136
Authority's covered payroll	\$ 1,737,808	\$ 1,784,411	\$ 1,609,229	\$ 1,554,013	\$ 1,512,623
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	296.05%	309.24%	429.51%	357.38%	255.92%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%	40.14%	47.93%	52.08%

The amounts presented for each year were determined as of the measurement date (June 30) that occurred within the Authority's fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

PARKING AUTHORITY OF THE CITY OF NEWARK
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Notes to Required Supplementary Information
Year Ended December 31, 2018

Benefit Changes

None.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017, to 5.66% as of June 30, 2018.

PARKING AUTHORITY OF THE CITY OF NEWARK
(A Component Unit of the City of Newark, New Jersey)
Schedule of the Authority's Contributions -- PERS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Contractually required contributions</i>					
Regular pension and non-contributory group insurance contributions	\$ 248,085	\$ 228,617	\$ 207,326	\$ 212,702	\$ 170,451
Chapter 19 P.L. 2009 contribution	<u>727</u>	<u>723</u>	<u>714</u>	<u>706</u>	<u>702</u>
	248,812	229,340	208,040	213,408	171,153
Contributions in relation to the contractually required contribution	<u>(248,812)</u>	<u>(229,340)</u>	<u>(208,040)</u>	<u>(213,408)</u>	<u>(171,153)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Percent of base wages	7.34-7.50%	7.20-7.34%	7.06-7.20%	6.92-7.06%	6.78-6.92%
Authority's covered payroll	\$ 1,737,808	\$ 1,784,411	\$ 1,609,229	\$ 1,554,013	\$ 1,512,623
Contributions as a percentage of the Authority's covered payroll	14.32%	12.31%	12.93%	13.73%	11.31%

The amounts presented for each year were determined as of the Authority's most recent fiscal year end (December 31).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is provided for those years for which information is available.

SUPPLEMENTARY INFORMATION

PARKING AUTHORITY OF THE CITY OF NEWARK
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Roster of Officials
Year Ended December 31, 2018

Board of Commissioners

Raquel Cagley
Nathan Allen
Andre Hollis
Tarsha Prindle
Roy Hargrove, Jr.
James Parrillo
Marques Aquil Lewis

Position

Acting Chairperson
Treasurer
Secretary
Commissioner
Commissioner
Commissioner
Commissioner

Other Officials

Anthony C. Mack, Esq.
Gabriela Santos

Position

Executive Director
Manager of Fiscal Operations

PARKING AUTHORITY OF THE CITY OF NEWARK
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Miscellaneous Statistics
Year Ended December 31, 2018

Form of Government

Authority

Number of employees	49
Number of parking spaces Military Parking Garage	990
Number of parking meter spaces	2,149

