



Parking Authority

PARKING AUTHORITY OF THE CITY OF NEW BRUNSWICK
Financial Statements
December 31, 2019 and 2018
With Independent Auditor's Reports

Parking Authority of the City of New Brunswick
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December 31, 2019 and 2018

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Parking Authority of the City of New Brunswick Management's Discussion and Analysis (Unaudited) December 31, 2019 and 2018

Parking Authority of the City of New Brunswick, New Jersey (the "Authority") is a public body, corporate and politic, organized and existing under the provisions of New Jersey Law of 1948, New Jersey Statutes Annotated 40:11A. The Authority was created by an ordinance of the City of New Brunswick (the "City") adopted August 3, 1948 to develop, operate and maintain parking facilities within the City of New Brunswick. The following Management's Discussion and Analysis of the activities and financial performance of the Authority provides an introduction to the financial statements of the Authority for the years ended December 31, 2019 and 2018. Please read it in conjunction with the Authority's financial statements and accompanying notes to financial statements.

Accountability

Parking Authority of the City of New Brunswick's mission statement is to contribute to the vitality of the City of New Brunswick by:

- Providing and maintaining parking services and facilities that are clean, safe and affordable
- Serving the parking public
- Promoting the free flow of traffic
- Valuing the customers and residents served

This is accomplished by the Authority constructing, maintaining and operating off-street parking facilities, promoting traffic improvements, improving conditions affecting public safety and welfare and following an 11 point standard of service, with the basis being to promote the businesses and services within the City of New Brunswick and respecting and exceeding our customers, coworkers and the general public's expectations.

The Authority is also responsible for the operation of on-street parking meters and the management of related facilities, as well as the lease and rental of business/commercial properties owned by the Authority. The Authority's duties also include maintenance of the Commercial Business District and management of the New Jersey Transit Park and Ride.

Future Economic Outlook

The local economy is dealing with the effects of COVID19 which will reduce demand for public parking and the usage of its parking facilities and on street metered parking. To offset the financial impact caused by COVID19, the parking authority has reduced expenses accordingly.

Two major residential housing projects in the City of New Brunswick are currently being constructed with the authority providing off -site parking for future residents and visitors of these buildings.

The construction of the New Brunswick Performing Arts Center has been completed and added residential, office, and theater space. This project is supported by a 350 space public parking garage which opened in September 2019. This garage will handle the parking demand generated by the components of the Arts Center along with demand from the court house located across the street as well as parking demand from local businesses.

In 2020, overall revenues are expected to decrease due to the effects of COVID-19 as residents comply with stay-at-home orders. Due to refunding bond being paid off, debt service expenses will decrease in 2020.

Financial Highlights

- Unrestricted cash and cash equivalents increased by approximately \$698,000.
- Operating revenue from charges for services decreased by approximately \$407,000.
- Operating expenses decreased by approximately \$76,000.
- Capital assets and notes payable – NMTC increased by \$16,086,000 due to the assignment of notes payable and transfer of title of the New Brunswick Performing Arts Center garage.
- During 2019, one of the Authority's tenants ceased operations and the property is vacant. As a result the Authority wrote down its deferred rent by approximately \$883,000 and wrote off approximately \$236,000 of uncollectible receivables.
- The Authority is current on all debt obligations and paid its debt service requirements in 2019.

**Parking Authority of the City of New Brunswick
Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018**

Overview of the Financial Statements

The Authority is a self-supporting entity and follows enterprise fund reporting. The Authority's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board. Enterprise fund statements reflect short and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business.

Required Financial Statements

The statements of net position include all of the Authority's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities). They also provide the basis for computing rate of return, evaluating the capital structure and assessing the liquidity and financial viability of the Authority. The statements of revenues, expenses and changes in net position account for all of the Authority's revenues and expenses. These statements measure the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through its charges for services. These statements also measure the profit and credit worthiness of the Authority. The statements of cash flows provide information about the Authority's cash receipts and cash payments during the reporting period. These statements report cash receipts, cash payments and net changes in cash resulting from operating activities, capital and related financing activities and investing activities.

Statement of Net Position

The Authority's net position was \$12,759,655 and \$14,545,383 at December 31, 2019 and 2018, respectively. The following table illustrates the significant net position activity.

	<u>2019</u>	<u>2018</u>
Assets		
Current assets	\$ 18,358,092	\$ 16,496,821
Noncurrent assets	<u>441,063,837</u>	<u>436,315,270</u>
Total assets	<u>\$ 459,421,929</u>	<u>\$ 452,812,091</u>
Deferred outflows	<u>\$ 1,359,818</u>	<u>\$ 2,046,345</u>
Liabilities		
Current liabilities	\$ 18,289,463	\$ 17,915,960
Long-term liabilities	<u>426,159,170</u>	<u>418,772,121</u>
Total liabilities	<u>\$ 444,448,633</u>	<u>\$ 436,688,081</u>
Deferred inflows	<u>\$ 3,573,459</u>	<u>\$ 3,624,972</u>
Net Position		
Restricted	\$ 15,532,953	\$ 15,062,988
Net investment in capital assets	3,978,554	4,158,919
Unreserved net deficit	<u>(6,751,852)</u>	<u>(4,676,524)</u>
Total net position	<u>\$ 12,759,655</u>	<u>\$ 14,545,383</u>

**Parking Authority of the City of New Brunswick
Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018**

Statement of Revenues and Expenses

Changes in the Authority's net position can be determined by reviewing the following condensed statements of revenues, expenses and changes in net position for the years ended December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Revenue		
Operating revenue		
Charges for services	\$ 31,390,572	\$ 31,798,016
Non-operating revenue		
Interest earned on investments	667,791	398,319
Interest earned on promissory notes receivable	45,130	204,695
Gain on sale of capital assets	18,000	8,675
Gain on assignment of debt	-	12,166,412
Grant revenue	<u>1,103,399</u>	<u>1,066,362</u>
	<u>33,224,892</u>	<u>45,642,479</u>
Expenses		
Operating expenses		
Cost of providing services	7,793,161	8,070,057
Administrative and general	1,971,850	2,054,503
Depreciation	6,740,555	6,248,127
Pension expense, net - GASB 68 adjustment	(533,454)	(322,318)
Non-operating expenses (revenues)		
Interest on bonds payable	11,768,192	11,790,942
Interest on crossover bonds	3,511,187	3,431,851
Interest on notes payable	144,928	280,389
Amortization of bond premiums	(1,434,730)	(1,434,730)
Amortization of bond insurance	36,868	36,863
Bond issuance costs	37,063	40,463
Payment in lieu of taxes ("PILOT")	<u>4,975,000</u>	<u>4,975,000</u>
	<u>35,010,620</u>	<u>35,171,147</u>
Changes in net position	<u>\$ (1,785,728)</u>	<u>\$ 10,471,332</u>

The Authority realized a decrease in revenues from operations (charges for services) of approximately \$407,000 (1.28%) as compared to 2018. The Authority incurred a decrease in expenses from operations of approximately \$78,000 (0.49%) over 2018.

**Parking Authority of the City of New Brunswick
Management's Discussion and Analysis (Unaudited)
December 31, 2019 and 2018**

Budget to Actual Analysis

The schedule of operating revenue and costs funded by operating revenue compared to budget is included on page 37. For 2019, the Authority recognized revenue of approximately \$31,390,000, which was a 1.5% decrease under the 2019 budgeted revenue amount of approximately \$31,873,000. Personnel and related expenses were under budget by approximately \$549,000. Other expenses were over budget by approximately \$276,000. Total operating expenses were under budget by approximately \$242,000. Overall, the Authority recognized an increase in net position of approximately \$802,000 for items which are included in the budget, as compared to the budgeted surplus amount of approximately \$255,000.

Capital Asset and Debt Administration

The Authority's capital assets consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 38,875,126	\$ 38,875,126
Equipment	4,947,995	5,006,624
Parking facilities and renovations	259,495,231	237,971,684
Software	35,255	35,255
Signage	<u>51,447</u>	<u>51,447</u>
	303,405,054	281,940,136
Accumulated depreciation	<u>(58,593,720)</u>	<u>(51,977,914)</u>
	<u>\$ 244,811,334</u>	<u>\$ 229,962,222</u>

Overall, net capital assets increased by approximately \$14,849,112 (6.46%) from 2018 to 2019. The increase is as a result of current year additions for the transfer of the parking garage as noted above of approximately \$16,086,000 offset by depreciation expense and other additions and disposals.

Debt Outstanding

The Authority had the following debt outstanding at December 31:

	<u>2019</u>	<u>2018</u>
Revenue bonds payable	\$ 248,383,221	\$ 254,779,957
Bonds payable - crossover refunding	161,202,286	162,110,280
Subordinated project note payable	4,710,000	4,710,000
Notes payable - NMTC	<u>16,086,000</u>	<u>-</u>
	<u>\$ 430,381,507</u>	<u>\$ 421,600,237</u>

Revenue bonds payable decreased by approximately \$6,397,000 resulting from principal payments of \$5,870,000 and bond premium amortization of approximately \$527,000. Bonds payable – crossover refunding decreased by approximately \$908,000 from amortization on bond premiums. Note payable – NMTC increased by \$16,086,000 due to the transfer of notes payable during 2019.

Contacting the Authority's Management

This financial report is designed to provide the residents and taxpayers of the City of New Brunswick, and the Authority's customers, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the Parking Authority of the City of New Brunswick, 106 Somerset Street, New Brunswick, New Jersey 08901.

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Authority Commissioners,
Parking Authority of the City of New Brunswick:

Report on the Financial Statements

We have audited the accompanying financial statements of Parking Authority of the City of New Brunswick (the "Authority"), a proprietary fund, which comprise the statements of net position as of December 31, 2019 and 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to 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

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 opinions on these financial statements based on our audits. We conducted our audits 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 and the audit requirements as prescribed by the State of New Jersey, Department of Community Affairs, and Division of Local Government. Those standards require that we plan and perform the audits 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 Authority'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 Authority'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.

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 Parking Authority of the City of New Brunswick as of December 31, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020 on our consideration of Parking Authority of the City of New Brunswick's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability – PERS and schedule of Authority contributions – PERS as presented in the table of contents 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of operating revenue and costs funded by operating revenue compared to budget, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the *State of New Jersey, Department of the Treasury, Single Audit Policy Circular 15-08-OMB*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating revenue and costs funded by operating revenue compared to budget, and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as whole.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

June 24, 2020

Parking Authority of the City of New Brunswick
Statements of Net Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,980,562	\$ 2,282,740
Accounts receivable, net	2,674,266	2,194,596
Grants receivable	184,756	66,362
Assets whose use is limited, current portion	11,522,702	11,057,589
Prepaid expenses and other current assets	923,613	823,961
Inventory	<u>72,193</u>	<u>71,573</u>
Total current assets	<u>18,358,092</u>	<u>16,496,821</u>
Noncurrent assets		
Noncurrent assets whose use is limited	171,369,973	178,287,508
Promissory notes receivable	16,086,000	16,086,000
Deferred rent	-	836,942
Prepaid operating lease, net	2,959,593	2,996,644
Capital assets, net	244,811,334	229,962,222
Prepaid bond insurance	745,283	782,152
Capital assets held for sale	4,638,427	4,638,427
Construction in progress	<u>453,227</u>	<u>2,725,375</u>
Total noncurrent assets	<u>441,063,837</u>	<u>436,315,270</u>
Total assets	<u>\$ 459,421,929</u>	<u>\$ 452,812,091</u>
Deferred outflows		
Pension deferred outflows	\$ 742,098	\$ 1,391,561
Unamortized interest of 2006 bond refunding	<u>617,720</u>	<u>654,784</u>
	<u>\$ 1,359,818</u>	<u>\$ 2,046,345</u>

The Notes to Financial Statements are an integral part of these statements.

Parking Authority of the City of New Brunswick
Statements of Net Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,095,256	\$ 1,201,985
Unearned revenue - parking	314,016	327,710
Security deposits	647,489	618,676
Bonds payable, current portion	6,120,000	5,870,000
Subordinated project note payable	4,710,000	4,710,000
Accrued interest on bonds	<u>5,402,702</u>	<u>5,187,589</u>
Total current liabilities	<u>18,289,463</u>	<u>17,915,960</u>
Long-term liabilities		
Deferred revenue - judges parking	323,999	346,970
Deferred rent	112,345	102,191
Bonds payable, net of current portion	242,263,221	248,909,957
Bonds payable - crossover refunding	161,202,286	162,110,280
Notes payable - NMTC, net of current portion	16,086,000	--
Net pension liability	<u>6,171,319</u>	<u>7,302,723</u>
Total long-term liabilities	<u>426,159,170</u>	<u>418,772,121</u>
Total liabilities	<u>\$ 444,448,633</u>	<u>\$ 436,688,081</u>
Deferred inflows		
Pension deferred inflows	<u>\$ 3,573,459</u>	<u>\$ 3,624,972</u>
Net Position		
Net investment in capital assets	\$ 3,978,554	\$ 4,158,919
Restricted for		
Debt service	15,007,953	14,537,988
Renewal and replacement	525,000	525,000
Unreserved net deficit	<u>(6,751,852)</u>	<u>(4,676,524)</u>
Total net position	<u>\$ 12,759,655</u>	<u>\$ 14,545,383</u>

The Notes to Financial Statements are an integral part of these statements.

Parking Authority of the City of New Brunswick
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenues		
Parking revenue	\$ 25,290,849	\$ 24,343,322
Meter operations	2,580,111	2,606,420
Rental revenue	1,878,975	3,153,096
Common facility	902,687	904,438
Summons surcharge	197,208	238,524
Management revenue	436,602	418,486
Event parking	95,330	125,162
Other revenue	8,810	8,568
Total operating revenues	<u>31,390,572</u>	<u>31,798,016</u>
Operating expenses		
Cost of providing services	7,793,161	8,070,057
Administrative and general	1,971,850	2,054,503
Depreciation	6,740,555	6,248,127
Pension expense, net - GASB 68 adjustment	<u>(533,454)</u>	<u>(322,318)</u>
Total operating expenses	<u>15,972,112</u>	<u>16,050,369</u>
Operating income	<u>15,418,460</u>	<u>15,747,647</u>
Non-operating revenues (expenses)		
Interest earned on investments	667,791	398,319
Interest earned on promissory notes receivable	45,130	204,695
Grant revenue	1,103,399	1,066,362
Interest on bonds payable	(11,768,192)	(11,790,942)
Interest on crossover bonds, net of interest revenue of \$2,927,519 and \$2,999,156 at December 31, 2019 and 2018, respectively	(3,511,187)	(3,431,851)
Interest on notes payable	(144,928)	(280,389)
Gain on sale of capital assets	18,000	8,675
Gain on assignment of debt	-	12,166,412
Amortization of bond premium	1,434,730	1,434,730
Amortization of bond insurance	(36,868)	(36,863)
Bond issuance costs	<u>(37,063)</u>	<u>(40,463)</u>
Total non-operating revenues (expenses)	<u>(12,229,188)</u>	<u>(301,315)</u>
Changes in net position before payment in lieu of taxes	3,189,272	15,446,332
Direct charges		
Payment in lieu of taxes (PILOT)	<u>(4,975,000)</u>	<u>(4,975,000)</u>
Changes in net position	(1,785,728)	10,471,332
Net position at beginning of year	<u>14,545,383</u>	<u>4,074,051</u>
Net position at end of year	<u>\$ 12,759,655</u>	<u>\$ 14,545,383</u>

The Notes to Financial Statements are an integral part of these statements.

Parking Authority of the City of New Brunswick
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Cash received from services	\$ 31,420,242	\$ 31,407,576
Cash paid to suppliers	(7,090,501)	(7,002,986)
Cash paid to employees	(2,543,369)	(2,843,415)
Cash paid for fee in lieu of taxes	(4,975,000)	(4,975,000)
Net cash provided by operating activities	<u>16,811,372</u>	<u>16,586,175</u>
Capital and related financing activities		
Purchases of capital assets	(600,481)	(610,682)
Change in deposits on capital assets	(2,650,712)	(1,082,808)
Proceeds from sale of capital assets	37,676	9,672
Principal paid on bonds	(5,870,000)	(5,530,000)
Cash paid for interest, net of interest subsidy	(15,164,064)	(15,591,825)
Change in assets whose use is limited	6,452,422	4,653,000
Amortization of bond issuance costs	-	(3,395)
Collections on promissory notes receivable	-	260,520
Cash received from capital grants	985,005	1,269,179
Change in security deposits	28,813	24,384
Net cash used in capital and related financing activities	<u>(16,781,341)</u>	<u>(16,601,955)</u>
Investing activities		
Investment income	<u>667,791</u>	<u>398,319</u>
Net change in cash and cash equivalents	697,822	382,539
Cash and cash equivalents		
Beginning of year	<u>2,282,740</u>	<u>1,900,201</u>
End of year	<u>\$ 2,980,562</u>	<u>\$ 2,282,740</u>

The Notes to Financial Statements are an integral part of these statements.

Parking Authority of the City of New Brunswick
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Operating income (less PILOT)	\$ 10,443,460	\$ 10,772,647
Adjustments to reconcile operating income (less PILOT) to net cash provided by operating activities		
Depreciation	6,740,555	6,248,127
Bad debt expense	236,415	737,129
Deferred rent	847,096	(27,171)
Pension expense, net - GASB 68 adjustment	(533,454)	(322,318)
Amortization of prepaid operating lease	37,051	36,780
Changes in		
Accounts receivable	(716,085)	(327,780)
Prepaid expenses and other current assets	(54,522)	25,833
Inventory	(620)	14,036
Accounts payable and accrued expenses	(151,859)	(528,741)
Unearned revenue - parking	(13,694)	(20,730)
Deferred revenue - judges parking	(22,971)	(21,637)
Net cash provided by operating activities	<u>\$ 16,811,372</u>	<u>\$ 16,586,175</u>
 Supplemental disclosure of cash flow information		
Total cash paid during the year for interest, excluding interest subsidy	<u>\$ 19,266,541</u>	<u>\$ 19,676,807</u>
 Noncash capital and related financing activities		
Notes payable - CDE forgiveness	\$ -	\$ (60,781,722)
Promissory Notes Receivable - CDE forgiveness	-	48,615,310
Gain on assignment of debt	<u>\$ -</u>	<u>\$ (12,166,412)</u>
 Issuance of NMTC notes payable	\$ 16,086,000	\$ -
Construction costs transferred from deposits to Capital assets	<u>4,922,860</u>	<u>-</u>
Amount capitalized for NBPAC	<u>\$ 21,008,860</u>	<u>\$ -</u>
 Loss on termination of lease - deferred rent	<u>\$ 883,068</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of these statements.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by Parking Authority of the City of New Brunswick (the "Authority") in the preparation of the accompanying financial statements are summarized below.

Nature of Business

Parking Authority of the City of New Brunswick is a public body, corporate and politic, organized and existing under the provisions of New Jersey Law of 1948, New Jersey Statutes Annotated 40:11A. The Authority was created by an ordinance of the City of New Brunswick (the "City") adopted August 3, 1948 to develop, operate and maintain parking facilities within the City of New Brunswick.

Pursuant to the mandates of the "Local Authorities Fiscal Control Law" (N.J.S.A. 40AA:5-1 et seq.) the Authority is considered an independent entity, and is required to submit audited financial statements, on an annual basis, to the State of New Jersey, Department of Community Affairs, Division of Local Government Services ("DCA"). Although the Authority's members are appointed by the Governing Body of the City of New Brunswick (the "City"), the legal form of the Authority is that it is not financially accountable to the City and no service contract with the City exists for specific services to be performed. As a result, the financial statements of the Authority are not included in those of the City of New Brunswick. The Authority has neither stockholders nor equity holders. As a public body, under existing statute, the Authority is exempt from federal, state and local taxes.

Basis of Presentation

The Authority's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board ("GASB"). Enterprise fund statements reflect short and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business.

In its accounting and financial report, the Authority follows the pronouncements of GASB. In addition, the Authority follows the pronouncements of all applicable Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions and Accounting Research Bulletins ("ARBs") of the Committee on Accounting Procedures unless they conflict with or contradict GASB pronouncements.

Budget

The annual budget serves as the foundation for the Authority's planning and control. Management prepares a proposed budget, which is presented to the Authority's Board of Commissioners for review and approval. Prior to adoption by the Board of Commissioners, these budgets are reviewed and legally approved by the DCA. See schedule of operating revenue and costs funded by operating revenue compared to budget.

Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position is not subject to externally imposed stipulations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the allowance for doubtful accounts, the useful lives of capital assets and depreciation expense, and the net pension liability.

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Assets Whose Use is Limited

Assets whose use is limited include assets held by trustees under bond indenture agreements. Investments included within assets whose use is limited are recorded at fair value. The fair value of these investments is determined by reference to quoted market prices.

Promissory Notes Receivable

Promissory notes receivable are recorded at amortized cost. The Authority estimates an allowance for doubtful accounts based on current market conditions, creditworthiness of the borrower and the industry in which the borrower operates. No allowance was required as of December 31, 2019 and 2018.

Capital Assets, Net

Capital assets are stated at cost. Depreciation and amortization is provided under the straight-line method based upon the following estimated useful lives:

<u>Description</u>	<u>Estimated Life (Years)</u>
Equipment	5
Signage	5
Software	5
Parking facilities and renovations	10-40

Major replacements and improvements of property and equipment are capitalized. Minor replacements, repairs and maintenance are charged to expense as incurred. Upon retirement or sale, the cost of the assets disposed and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in change in net position.

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 has both significantly and unexpectedly declined. For the years ended December 31, 2019 and 2018 management has determined that there was no impairment of capital assets.

Concentration of Credit Risk

At December 31, 2019, two customers accounted for approximately 22% and 33%, respectively, of accounts receivable and for the year ended December 31, 2018, one customer accounted for approximately 27% of accounts receivable. For the year ended December 31, 2019, one customer accounted for approximately 15% of total operating revenue. For the year ended December 31, 2018, one customer accounted for approximately 14% of total operating revenue.

Revenue Recognition

Operating Revenues

Operating revenue is recognized when services are performed. The Authority generates revenue by offering daily/hourly parking in its facilities. Patrons have the ability to purchase monthly parking at Authority garages. The Authority controls all on-street meters within the City limits. By enforcing on-street parking, the Authority issues tickets and collects revenue from enforcement of those tickets. The court then enforces the ticket and pays a portion of the revenue back to the Authority. Rental revenue is earned by leasing space within the Gateway Project garage, University Center building and the Wellness Center Project garage. Off street parking is enforced by the Authority whereby tickets are written and collected by the Authority. Tickets that are not paid within two weeks are sent to the court and a summons is issued. The Authority has several parking management agreements with private entities in New Brunswick for which the Authority manages and operates their parking facilities for a management fee, which is recorded when earned on a monthly basis. The Authority also has a management agreement with New Jersey Transit to manage and operate its Jersey Avenue Park n' Ride.

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Non-Operating Revenues

Non-operating revenues consist of interest income on assets whose use is limited, interest income on promissory notes receivable, gains on sale of capital assets, amortization of bond premiums, gain on assignment of debt and grant revenue under a contract with the State of New Jersey. Interest income is recognized when earned and is accrued if unpaid. Grant revenue is recognized to the extent that expenditures have been incurred for the purpose specified by the grantor during the period. Gains on capital assets are recognized when the sale price of the capital asset exceeds the net book value of the asset and are recognized on the date of sale.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with an initial maturity of three months or less at the date of acquisition to be cash equivalents.

Inventory

Inventory is stated the lower of cost or market using the average cost method. Inventory consists mainly of supplies and equipment which were purchased but unused at year end.

Prepaid Operating Leases

The Authority has two prepaid operating leases one of which is amortized using the straight line method and one using the effective interest method over the life of the associated lease (see Note 6).

Bond Discount and Premiums

Discounts and premiums on bonds are amortized over the term of the related bond using the effective interest method.

Deferred Rent

The Authority has leases with escalating rent payments and rent abatement. Rental income and rental expense is recorded on a straight line basis over the life of the lease and the resulting accrual (deferral) is recorded as an asset (liability) on the statements of net position.

Interest Expense, Net

The Authority records interest in the period incurred. Interest subsidy payments received in connection with the series 2010 Build America Bonds ("BAB") guaranteed parking revenue bonds and the series 2010 Recovery Zone Economic Development Bonds ("RZEDB") guaranteed parking revenue bonds, are offset against the related interest cost incurred. Interest consists of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest on bonds payable	\$ 16,886,319	\$ 16,874,647
Interest on crossover bonds, net	3,511,187	3,431,851
Interest on notes payable	144,928	280,389
Less: Bonds payable interest capitalized	(1,015,650)	(998,723)
Less: Interest rebate	<u>(4,102,477)</u>	<u>(4,084,982)</u>
	<u>\$ 15,424,307</u>	<u>\$ 15,503,182</u>

Deferred Outflows/Inflows of Resources

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position.

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Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflow of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

The Authority's deferred outflows are a result of its participation in the pension plan (see Note 13) and bond refunding (see Note 11). The Authority's deferred inflows are a result of its participation in the pension plan (see Note 13).

New Accounting Pronouncements Not Yet Adopted

Leases

On June 28, 2017, the Governmental Accounting Standard Board ("GASB") issued GASB Statement No. 87, *Leases*, a new lease accounting standard which creates accounting standards for governmental entities under US GAAP. Previously, governmental entities reported their leases similar to how private entities reported leases.

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governmental entities. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principles that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a governments' leasing activities. This Statement is effective for years beginning after December 15, 2019. Earlier application is permitted.

The Authority expects this standard to have a significant impact on its financial statements and will be required to report lease receivables for its lessor lease obligations.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

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

The Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required. In addition, by regulation of the DCA, authorities are allowed to invest in government money market mutual funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required 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 deposits funds within 48 hours of receipt in accordance with local statutes.

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Investments (Assets Whose Use is Limited)

New Jersey statutes permit the Authority to purchase the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligations bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of Authority districts of which the local unit is a part or within which the Authority district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
 - a. The underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. The custody of collateral is transferred to a third party;
 - c. The maturity of the agreement is not more than 30 days;
 - d. The underlying securities are purchased through a public depository as defined in P.L. 1970, c. 236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Investments at December 31, 2019 and 2018 consist of U.S. Treasury bills and notes, fixed income securities and certificates of deposit and are included in assets whose use is limited in the statements of net position.

Based upon existing investment policies, the Authority is generally not exposed to interest rate risk as investments mature one year or less or are held to maturity. All current investments or underlying investments are U.S. Treasury bills, fixed income securities or certificates of deposit, thereby mitigating credit risk, concentration of credit risk and interest rate risks nor are its deposits and investments exposed to foreign currency risks.

3. ACCOUNTS RECEIVABLE AND CREDIT POLICY

Receivables are unsecured, non-interest bearing obligations due from customers under terms requiring payment within fifteen to forty-five days. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified on the remittance advice, payments are applied to the earliest unpaid invoices.

The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from invoice date and, based on an assessment of current creditworthiness estimates the portion, if any, of the balance that will not be collected.

Accounts receivable, net consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 3,107,194	\$ 3,106,027
Allowance for doubtful accounts	<u>(432,928)</u>	<u>(911,431)</u>
Accounts receivable, net	<u>\$ 2,674,266</u>	<u>\$ 2,194,596</u>

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4. PROMISSORY NOTES RECEIVABLE

In December 2017, the Authority issued one promissory note in connection with the construction of the New Brunswick Cultural Center amounting to \$16,086,000 with NBCC Leverage Lender, LLC, a New Jersey limited liability company. The note accrues no interest through March 19, 2018. Beginning on March 19, 2018 through December 19, 2024, the note requires interest only payments accruing at 1%. Beginning March 19, 2025, the note calls for quarterly payments of principal and interest at 1%, in arrears, and the entire outstanding principal balance plus all accrued and unpaid interest shall become due and payable on the maturity date of December 31, 2043.

Promissory notes receivable consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Recorded investment	\$ 16,086,000	\$ 16,086,000
Unpaid principal balance	\$ 16,086,000	\$ 16,086,000
Interest income recognized	\$ 45,130	\$ 204,695
Accrued interest income	\$ 45,130	\$ -

The recorded investment includes accrued interest. There was no allowance for loan losses for the years ended December 31, 2019 and 2018 as the loan was not on nonaccrual status. Accrued interest is included in prepaid expenses and other current assets.

5. ASSETS WHOSE USE IS LIMITED

In accordance with the 2006, 2010 and 2012 bond resolutions, the Authority has established the following cash and investment accounts for the deposit of proceeds from bond issuances received by the Authority:

General Account – The balance of restricted assets, if any, remaining after all the below requirements have been met.

Revenue Account – All revenue received by the Authority to be used to support budgeted operating expenses.

Construction Account – Any monies received by the Authority for the cost of construction or acquisition of parking facilities.

Bond Service Account (Current Debt Service) – An amount equal to unpaid interest due on outstanding bonds payable on or before immediately succeeding March 1 or September 1, in addition to principal on said dates.

Bond Reserve Account (Future Debt Service) – An amount equal to the greatest bond service requirement of any future fiscal year.

Renewal and Replacement Account – An amount reasonably necessary, with respect to the facilities, for major repairs, renewals and replacements or maintenance not recurring annually.

Crossover Refunding Bonds Escrow – Represents the funds required to be held in order to cover the debt service on the old bonds and refund the 2010 BABs and 2010 RZEDBs bonds.

Issuance Cost Escrow Funds – Represents the excess funds received from bond refunding transactions.

Assets whose use is limited consist of assets that are held by the trustee. Assets whose use is limited, current portion consist of those funds that are used to satisfy current liabilities and obligations.

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Assets whose use is limited amounted to the following at December 31:

	<u>2019</u>	<u>2018</u>
Revenue account	\$ 2,192,194	\$ 2,387,040
Construction account	886,455	886,455
Current debt service	5,730,357	6,012,300
Future debt service	22,181,453	24,654,756
Renewal and replacement	534,453	525,711
Crossover refunding bonds escrow	151,357,185	154,868,372
Issuance cost escrow funds	<u>10,578</u>	<u>10,463</u>
	<u>\$ 182,892,675</u>	<u>\$ 189,345,097</u>

Fair Value Information

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of December 31, 2019 and 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
<u>December 31, 2019</u>			
Money fund	\$ 8,649	\$ 8,649	\$ -
U.S. treasury bills	13,396,627	-	13,396,627
Group money market	434,795	434,795	-
U.S. treasury notes	151,355,604	-	151,355,604
Certificates of deposit	<u>17,697,000</u>	<u>-</u>	<u>17,697,000</u>
	<u>\$ 182,892,675</u>	<u>\$ 443,444</u>	<u>\$ 182,449,231</u>
<u>December 31, 2018</u>			
Money fund	\$ 7,855	\$ 7,855	\$ -
U.S. treasury bills	13,163,258	-	13,163,258
Group money market	1,966,648	1,966,648	-
U.S. treasury notes	154,867,336	-	154,867,336
Certificates of deposit	<u>19,340,000</u>	<u>-</u>	<u>19,340,000</u>
	<u>\$ 189,345,097</u>	<u>\$ 1,974,503</u>	<u>\$ 187,370,594</u>

6. PREPAID OPERATING LEASES

RWJ Land Lease

During 1993, the Authority entered into a land lease agreement with Robert Wood Johnson Property Holding Corporation ("RWJ"). The Authority leased the land from RWJ for 50 years with a 25-year renewal option at no additional rent. The terms of the lease, as amended, provided for an upfront lump-sum payment of \$1,636,600.

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During 2001, RWJ and the Authority agreed to cancel the 1993 agreement and enter into a new lease agreement. The Authority leased the land included in the 1993 lease plus additional land. The terms of the new lease provided for an additional lump-sum payment of \$746,700 for a total of \$2,383,300. The Authority is amortizing the advance payments made to RWJ over the 75 years utilizing the present value method at an imputed interest rate of 6%.

During 2003, RWJ repaid the Authority \$55,221, reducing prepaid operating lease to a total of \$2,328,079, as part of the City of New Brunswick and its Board of Education's request to purchase at cost a portion of the property formerly leased to the Authority in order to expand the adjacent Health Sciences Technology Authority. The amount paid was included in the statements of net position as a reduction of prepaid operating lease as of December 31, 2003. Net prepaid operating lease amounted to \$2,262,993 and \$2,267,644 at December 31, 2019 and 2018, respectively. Amortization expense for the next 5 years will be approximately \$4,000 per year.

Housing and Urban Development Authority of the City of New Brunswick

During 2016, the Authority entered into a lease agreement for rentable retail space and common area facilities with the Housing and Urban Development Authority of the City of New Brunswick ("New Brunswick HUD"). The Authority leased the space from New Brunswick HUD for 25 years with a 15-year renewal option from the expiration of the initial term. The terms of the lease provided for an upfront payment of \$810,000. Net prepaid operating lease amounted to \$696,600 and \$729,000 at December 31, 2019 and 2018, respectively. Amortization expense for the next 5 years will be approximately \$32,400 per year.

7. DEFERRED REVENUE – JUDGES' PARKING

The Authority entered into a lease agreement with the County of Middlesex in December 2000 to lease 28 spaces to employees of the County of Middlesex. The lease called for total payments of \$600,000 over a thirty year period, which was paid up front. The Authority is amortizing the advance payment received over the 30 year period utilizing the present value method at an imputed interest rate of 6%. Deferred revenue related to the lease agreement amounted to \$323,999 and \$346,970 at December 31, 2019 and 2018, respectively. Revenue from this agreement over the next five years will be recognized as follows: 2020 - \$24,388, 2021 - \$25,892, 2022 - \$27,489, 2023 - \$29,184, 2024 - \$30,985.

8. CAPITAL ASSETS, NET

Capital assets consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 38,875,126	\$ 38,875,126
Equipment	4,947,995	5,006,624
Parking facilities and renovations	259,495,231	237,971,684
Software	35,255	35,255
Signage	51,447	51,447
	<u>303,405,054</u>	<u>281,940,136</u>
Accumulated depreciation	<u>(58,593,720)</u>	<u>(51,977,914)</u>
Capital assets, net	<u>\$ 244,811,334</u>	<u>\$ 229,962,222</u>

Depreciation expense included as a charge to operations for the years ended December 31, 2019 and 2018 amounted to \$6,740,555 and \$6,248,127, respectively.

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Capital additions and disposals consisted of the following at December 31:

	Beginning Balance January 1, 2019	Additions	Retirements	Reclassifications	Ending Balance December 31, 2019
Asset cost					
Land	\$ 38,875,126	\$ -	\$ -	\$ -	\$ 38,875,126
Equipment	5,006,624	85,794	(144,423)	-	4,947,995
Parking facilities and renovations	237,971,684	21,523,547	-	-	259,495,231
Software	35,255	-	-	-	35,255
Signage	51,447	-	-	-	51,447
	<u>281,940,136</u>	<u>21,609,341</u>	<u>(144,423)</u>	<u>-</u>	<u>303,405,054</u>
Accumulated depreciation	51,977,914	6,740,555	(124,749)	-	58,593,720
Capital assets, net	<u>\$ 229,962,222</u>	<u>\$ 14,868,786</u>	<u>\$ (19,674)</u>	<u>\$ -</u>	<u>\$ 244,811,334</u>

	Beginning Balance January 1, 2018	Additions	Retirements	Reclassifications	Ending Balance December 31, 2018
Asset cost					
Land	\$ 38,873,126	\$ 2,000	\$ -	\$ -	\$ 38,875,126
Equipment	4,868,572	175,658	(37,606)	-	5,006,624
Parking facilities and renovations	237,538,660	433,024	-	-	237,971,684
Software	35,255	-	-	-	35,255
Signage	51,447	-	-	-	51,447
	<u>281,367,060</u>	<u>610,682</u>	<u>(37,606)</u>	<u>-</u>	<u>281,940,136</u>
Accumulated depreciation	45,766,395	6,248,127	(36,608)	-	51,977,914
Capital assets, net	<u>\$ 235,600,665</u>	<u>\$ (5,637,445)</u>	<u>\$ (998)</u>	<u>\$ -</u>	<u>\$ 229,962,222</u>

9. CAPITAL ASSETS HELD FOR SALE

During 2016, the Authority reclassified certain capital assets to assets held for sale. In accordance with GASB 42, the asset is re-measured at the lower of carrying value or fair value. The fair value exceeded the carrying value; therefore, the capital assets held for sale are carried at carrying value and no impairment was required to be recognized at December 31, 2019 and 2018, respectively.

10. SUBORDINATED PROJECT NOTE PAYABLE

Subordinated project note payable consists of the following at December 31:

	2019	2018
Subordinated project note payable - issued June 17, 2016, interest at 1.00% per annum, due June 12, 2020	\$ 810,000	\$ 810,000
Subordinated project note payable - issued June 29, 2017 interest at 1.25% per annum, due June 25, 2020	<u>3,900,000</u>	<u>3,900,000</u>
	<u>\$ 4,710,000</u>	<u>\$ 4,710,000</u>

The \$810,000 project note proceeds were utilized to fund a prepayment on an operating lease agreement (see Note 6). The \$3,900,000 project note proceeds were utilized for land acquisition (see Note 8).

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11. BONDS PAYABLE

Bonds payable consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Series 2010 parking revenue refunding bonds - payments of interest only due semi-annually on January 1 and July 1 at rates ranging from 2.00% to 4.125% through January 1, 2029; principal due annually on January 1, callable beginning January 1, 2021, due January 1, 2029 (A).	\$ 4,130,000	\$ 4,505,000
Series 2010 A guaranteed parking revenue bonds - payments of interest only due semi-annually on March 1 and September 1, at 5.00% through September 1, 2024; principal due as follows: \$560,000 due on September 1, 2025; \$5,370,000 due on September 1, 2026 (A).	5,930,000	5,930,000
Series 2010 BABs guaranteed parking revenue bonds - payments of interest only due semi-annually on March 1 and September 1 at rates ranging from 8.02% to 8.32%; payments of principal due annually on September 1 beginning September 1, 2027 through September 1, 2039 (A) (B).	117,270,000	117,270,000
Series 2010 RZEDBs guaranteed parking revenue bonds - payments of interest only due semi-annually on March 1 and September 1, interest at 8.42%; payments of principal due as follows: \$9,635,000 due on September 1, 2039; \$16,565,000 due September 1, 2040 (A) (C).	26,200,000	26,200,000
Series 2010 RZFBs guaranteed parking revenue bonds - payments of interest only due semi-annually on March 1 and September 1 at rates ranging from 4.50% to 5.50% through September 1, 2018; payments of principal due annually on September 1 beginning September 1, 2019 through September 1, 2025 (A).	23,355,000	24,600,000
Series 2010E tax exempt guaranteed parking revenue bonds - payments of interest only due semi-annually on March 1 and September 1 at rates ranging from 5.00% to 5.25%; payments of principal due annually on September 1 beginning September 1, 2016 through September 1, 2019 (A).	-	1,670,000
Series 2012 guaranteed parking revenue refunding bonds - payments of interest only due semi-annually on March 1 and September 1 at rates ranging from 2.00% to 5.00%; payments of principal due annually on September 1 beginning September 1, 2013 through September 1, 2031 (A).	22,345,000	24,160,000

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	<u>2019</u>	<u>2018</u>
Series 2016 guaranteed parking revenue and refunding bonds - payments of interest only due semi-annually on March 1 and September 1 at rates ranging from 2.00% to 5.00%; payments of principal due annually on September 1 beginning September 1, 2016 through September 1, 2036 (A).	\$ 20,045,000	\$ 20,810,000
Series 2017 guaranteed parking revenue bonds - payments of interest only due semi-annually on March 1 and September 1 at rates ranging from 3.00% to 5.00%; payments of principal due annually on September 1 beginning September 1, 2021 through September 1, 2047 (A).	<u>21,985,000</u>	<u>21,985,000</u>
	241,260,000	247,130,000
Less: Current portion	(6,120,000)	(5,870,000)
Plus: Unamortized original issue premium	<u>7,123,221</u>	<u>7,649,957</u>
Bonds payable, net of current portion	<u>\$ 242,263,221</u>	<u>\$ 248,909,957</u>

Crossover refunding bonds payable consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Series 2016A guaranteed parking revenue refunding bonds - payments of interest only due semi-annually on March 1 and September 1 at rates ranging from 3.00% to 5.00%; payments of principal due annually on September 1 beginning September 1, 2021 through September 1, 2036 (A).	\$ 115,690,000	\$ 115,690,000
Series 2016B guaranteed parking revenue refunding bonds - payments of interest only due semi-annually on March 1 and September 1 at rates ranging from 3.00% to 5.00%; payments of principal due annually on September 1 beginning September 1, 2021 through September 1, 2040 (A).	<u>27,655,000</u>	<u>27,655,000</u>
	143,345,000	143,345,000
Less: Current portion	-	-
Plus: Unamortized original issue premium	<u>17,857,286</u>	<u>18,765,280</u>
Bonds payable, net of current portion	<u>\$ 161,202,286</u>	<u>\$ 162,110,280</u>

- (A) Payment of principal and interest is guaranteed by the City of New Brunswick. No value has been assigned to this guarantee in the financial statements presented and no amounts were required to be paid on this guarantee for the years ended December 31, 2019 and 2018.
- (B) The Authority receives an interest rate subsidy payment annually representing 35% of the interest cost incurred for the year which is offset against the interest expense and interest capitalized in these financial statements. In 2019, the interest rate subsidy was reduced to 32.69% of the interest cost incurred.
- (C) The Authority receives an interest rate subsidy payment annually representing 45% of the interest cost incurred for the year which is offset against the interest expense and interest capitalized in these financial statements. In 2019, the interest rate subsidy was reduced to 42.03% of the interest cost incurred.

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Debt outstanding consisted of the following at December 31:

	Beginning Balance January 1, 2019	Additions/ Subtractions	Payments/ Amortization	Ending Balance December 31 2019	Current Portion
Revenue bonds payable	\$ 247,130,000	\$ -	\$ (5,870,000)	\$ 241,260,000	\$ 6,120,000
Bonds payable - crossover refunding	<u>143,345,000</u>	<u>-</u>	<u>-</u>	<u>143,345,000</u>	<u>-</u>
	390,475,000	-	(5,870,000)	384,605,000	6,120,000
Unamortized bond premiums	<u>26,415,237</u>	<u>-</u>	<u>(1,434,730)</u>	<u>24,980,507</u>	<u>-</u>
Bonds outstanding	<u>\$ 416,890,237</u>	<u>\$ -</u>	<u>\$ (7,304,730)</u>	<u>\$ 409,585,507</u>	<u>\$ 6,120,000</u>

	Beginning Balance January 1, 2018	Additions/ Subtractions	Payments/ Amortization	Ending Balance December 31, 2018	Current Portion
Revenue bonds payable	\$ 252,660,000	\$ -	\$ (5,530,000)	\$ 247,130,000	\$ 5,870,000
Bonds Payable - crossover refunding	<u>143,345,000</u>	<u>-</u>	<u>-</u>	<u>143,345,000</u>	<u>-</u>
	396,005,000	-	(5,530,000)	390,475,000	5,870,000
Unamortized bond premiums	<u>27,849,967</u>	<u>-</u>	<u>(1,434,730)</u>	<u>26,415,237</u>	<u>-</u>
Bonds outstanding	<u>\$ 423,854,967</u>	<u>\$ -</u>	<u>\$ (6,964,730)</u>	<u>\$ 416,890,237</u>	<u>\$ 5,870,000</u>

Aggregate principal maturities and interest on bonds payable are as follows as of December 31, 2019:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Rebate</u>	<u>Amount</u>
2020	\$ 6,120,000	\$ 16,366,368	\$ 4,076,235	\$ 18,410,133
2021	6,880,000	16,055,918	4,076,235	18,859,683
2022	7,230,000	15,707,168	4,076,235	18,860,933
2023	7,575,000	15,367,343	4,076,235	18,866,108
2024	7,965,000	14,973,943	4,076,235	18,862,708
2025-2029	45,650,000	68,043,705	19,931,462	93,762,243
2030-2034	58,760,000	51,602,467	16,058,037	94,304,430
2035-2039	75,430,000	28,078,035	9,207,270	94,300,765
2040-2044	21,410,000	3,307,523	584,968	24,132,555
2045-2047	<u>4,240,000</u>	<u>430,750</u>	<u>-</u>	<u>4,670,750</u>
	<u>\$ 241,260,000</u>	<u>\$ 229,933,220</u>	<u>\$ 66,162,912</u>	<u>\$ 405,030,308</u>

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Aggregate principle maturities and interest on crossover bonds payable are as follows as of December 31, 2019:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Rebate</u>	<u>Amount</u>
2020	\$ -	\$ 6,407,875	\$ -	\$ 6,407,875
2021	205,000	6,407,875	-	6,612,875
2022	210,000	6,400,975	-	6,610,975
2023	215,000	6,393,875	-	6,608,875
2024	225,000	6,385,075	-	6,610,075
2025-2029	18,980,000	30,918,638	-	49,898,638
2030-2034	41,295,000	23,510,875	-	64,805,875
2035-2039	65,725,000	12,692,000	-	78,417,000
2040-2044	16,490,000	659,600	-	17,149,600
2045-2047	-	-	-	-
	<u>\$ 143,345,000</u>	<u>\$ 99,776,788</u>	<u>\$ -</u>	<u>\$ 243,121,788</u>

Fair Value of Financial Instruments

The fair value of the bonds payable, estimated based on market prices for similar bond issues as based on a recent bond refunding and market interest rates (4% rate utilized), is approximately \$472,000,000 at December 31, 2019.

Original issue premiums consisted of the following at December 31, 2019 and 2018:

	<u>December 31, 2019</u>				
	<u>Premium</u>	<u>Life</u>	<u>Accumulated</u>	<u>Unamortized</u>	
			<u>Amortization</u>	<u>Premium</u>	<u>Amortization</u>
Series 2010 BAB & RZEDB guaranteed parking revenue bonds	\$ 649,400	30	\$ 195,710	\$ 453,690	\$ 21,647
Series 2010 E tax exempt parking revenue bonds	1,028,927	10	930,263	98,664	102,893
Series 2010 parking revenue refunding bonds	92,663	19	45,926	46,737	4,877
Series 2012 refinancing bond	4,180,229	19	1,650,090	2,530,139	220,012
Series 2016 refunding bond	1,699,281	20	283,214	1,416,067	84,964
Series 2016A refunding bond	19,225,972	23	2,786,367	16,439,605	835,912
Series 2016B refunding bond	1,657,966	23	240,285	1,417,681	72,085
Series 2017 parking revenue bonds	<u>2,770,216</u>	30	<u>192,292</u>	<u>2,577,924</u>	<u>92,340</u>
	<u>\$ 31,304,654</u>		<u>\$ 6,324,147</u>	<u>\$ 24,980,507</u>	<u>\$ 1,434,730</u>
	<u>December 31, 2018</u>				
	<u>Premium</u>	<u>Life</u>	<u>Accumulated</u>	<u>Unamortized</u>	
			<u>Amortization</u>	<u>Premium</u>	<u>Amortization</u>
Series 2010 BAB & RZEDB guaranteed parking revenue bonds	\$ 649,400	30	\$ 174,064	\$ 475,336	\$ 21,647
Series 2010 E tax exempt parking revenue bonds	1,028,927	10	827,370	201,557	102,893
Series 2010 parking revenue refunding bonds	92,663	19	41,049	51,614	4,877
Series 2012 refinancing bond	4,180,229	19	1,430,078	2,750,151	220,012
Series 2016 refunding bond	1,699,281	20	198,249	1,501,032	84,964
Series 2016A refunding bond	19,225,972	23	1,950,460	17,275,512	835,912
Series 2016B refunding bond	1,657,966	23	168,198	1,489,768	72,085
Series 2017 parking revenue bonds	<u>2,770,216</u>	30	<u>99,949</u>	<u>2,670,267</u>	<u>92,340</u>
	<u>\$ 31,304,654</u>		<u>\$ 4,889,417</u>	<u>\$ 26,415,237</u>	<u>\$ 1,434,730</u>

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12. NOTES PAYABLE

Notes payable consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
QLICI Loan A note payable - issued September 5, 2019 interest at 1.00% per annum, due December 1, 2051	\$ 2,706,000	\$ -
QLICI Loan A note payable - issued September 5, 2019 interest at 1.00% per annum, due December 1, 2051	4,543,000	-
QLICI Loan A note payable - issued September 5, 2019 interest at 1.00% per annum, due December 1, 2051	1,947,000	-
QLICI Loan A note payable - issued September 5, 2019 interest at 1.00% per annum, due December 1, 2051	<u>6,890,000</u>	<u>--</u>
	<u>\$ 16,086,000</u>	<u>\$ --</u>

Included in accounts payable and accrued expenses is accrued interest of \$45,130.

Aggregate principal maturities and interest on notes payable are as follows as of December 31, 2019:

<u>Year</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 160,860	\$ -	\$ 160,860
2021	160,860	-	160,860
2022	160,860	-	160,860
2023	160,860	-	160,860
2024	160,860	-	160,860
2025-2029	3,402,813	2,661,164	741,650
2030-2034	3,402,813	2,797,430	605,383
2035-2039	3,402,813	2,940,674	462,140
2040-2044	3,402,813	3,091,252	311,561
2045-2049	3,402,813	3,249,541	153,272
2050-2051	<u>1,361,125</u>	<u>1,345,939</u>	<u>15,186</u>
	<u>\$ 19,179,491</u>	<u>\$ 16,086,000</u>	<u>\$ 3,093,492</u>

13. PENSION PLAN

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits.

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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

Service retirement benefits of 1/55th 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 1/60th 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. 43:15A 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 employer's 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 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, 2019 and 2018, the PERS received employer and employee contributions as follows:

	<u>2019</u>	<u>2018</u>
Employer contributions	\$ 349,080	\$ 382,470
Employee contributions	\$ 199,383	\$ 192,571
Basis for contributions		
Percent of base wages	8.06%	8.35%

Summary of Significant Accounting Policies

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. 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 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.

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Although the Division administers one cost-sharing multiple-employer plan, separate (sub) valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. The Authority had no allocated share of this special funding situation.

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

The net pension liability was measured as of June 30, 2019 and 2018, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2019. In accordance with GASB 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, 2019 and 2018 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 Local group in the PERS during the years ended June 30, 2019 and 2018. At December 31, 2019 and 2018, the Authority's proportionate share and net pension liability was as follows:

	<u>2019</u>	<u>2018</u>
Net pension liability (Local Group)	\$ 18,143,832,135	\$ 19,686,501,539
Authority net pension liability	\$ 6,171,319	\$ 7,302,723
Authority's proportion	0.0340133%	0.0370951%

Pension expense, net is comprised of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Proportionate share of allocable plan pension expense	\$ 286,114	\$ 404,680
Pension expense related to specific liabilities of individual employers	(2,672)	2,670
Net amortization of deferral amounts from changes in proportion	(483,745)	(360,883)
	<u>\$ (200,303)</u>	<u>\$ 46,467</u>

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At December 31, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS as follows:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 616,229	\$ 2,142,045	\$ 1,202,928	\$ 2,334,168
Differences between expected and actual experience	110,767	27,262	139,213	37,641
Net difference between projected and actual earnings on pension plan investments	-	97,417	-	68,475
Changes in proportion and differences between Authority contributions and proportionate share of contributions	15,102	1,306,735	49,420	1,184,688
Authority contributions subsequent to the measurement date	-	-	-	-
	<u>\$ 742,098</u>	<u>\$ 3,573,459</u>	<u>\$ 1,391,561</u>	<u>\$ 3,624,972</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30:</u>	<u>PERS (Local Group)</u>	<u>Authority Share</u>
2020	\$ (520,291,557)	\$ (327,686)
2021	(1,687,816,332)	(1,063,007)
2022	(1,507,121,650)	(949,203)
2023	(707,671,269)	(445,700)
2024	(72,664,150)	(45,766)
Thereafter	-	-
	<u>\$ (4,495,564,958)</u>	<u>\$ (2,831,361)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 and 2018 measurement dates was determined by an actuarial valuation as of July 1, 2018 and 2017, respectively, which was rolled forward to June 30, 2019 and 2018, respectively.

This actuarial valuation used the following actuarial assumptions:

	<u>2019</u>	<u>2018</u>
Inflation rate:		
Price	2.75%	2.25%
Wage	3.25%	N/A
Salary increases through 2026	2.00 - 6.00% based on years of service	1.65 - 4.15% based on age
Thereafter	3.00-7.00% based on years of service	2.65 - 5.15% based on age
Investment rate of return	7.00%	7.00%

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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly confirm to these assumptions. To the extent that the actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% and 4.66% as of December 31, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

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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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The following presents the Authority's proportionate share of the net pension liability measured as of December 31, 2019 and 2018, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the net pension liability (local group) 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:

	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
State	\$ 26,475,719,181	\$ 23,012,420,340	\$ 20,102,167,445
Local	<u>22,918,608,260</u>	<u>18,143,832,135</u>	<u>14,120,406,763</u>
Total	<u>\$ 49,394,327,441</u>	<u>\$ 41,156,252,475</u>	<u>\$ 34,222,574,208</u>
Authority's proportionate share of the net pension liability	<u>\$ 7,795,379</u>	<u>\$ 6,171,319</u>	<u>\$ 4,802,819</u>
2018			
	At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
State	\$ 27,413,044,035	\$ 23,704,298,093	\$ 20,597,322,253
Local	<u>24,757,279,564</u>	<u>19,686,501,539</u>	<u>15,437,959,879</u>
PERS as a whole	<u>\$ 52,170,323,599</u>	<u>\$ 43,390,799,632</u>	<u>\$ 36,035,282,132</u>
Authority's proportionate share of the net pension liability	<u>\$ 9,183,732</u>	<u>\$ 7,302,723</u>	<u>\$ 5,726,723</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report which can be found at the following link: www.state.nj.us/treasury/pensions/financial-reports.shtml.

14. DEFINED CONTRIBUTION RETIREMENT PROGRAM

The Defined Contribution Retirement Program ("DCRP") was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.P. 2007 and Chapter 103 P.L. 2007. DCRP provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage.

DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial. If the eligible or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in DCRP for that office or position. The waiver is irrevocable.

The retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investments options provided by the employer.

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The law requires that three classes of employee enroll in DCRP, detailed as follows:

- 1) All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System.
- 2) A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during the Governor's term of office.
- 3) Other employees commencing service after July 1, 2007 pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative office such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

During 2019 and 2018, there were no officials or employees enrolled in DCRP.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

15. PAYMENT IN LIEU OF TAXES ("PILOT")

The Authority has an arrangement with the City of New Brunswick whereby the Authority makes a payment in lieu of real estate taxes, negotiated annually, with payments due on January 1 and July 1 of each year. For each of the years ended December 31, 2019 and 2018, the Authority's payment in lieu of taxes was \$4,975,000.

16. COMPENSATED ABSENCES

The Authority maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. As of the years ended December 31, 2019 and 2018, the Authority has accrued \$51,358 and \$51,982, respectively, for accumulated sick and vacation pay earned and unused which is included in accounts payable and accrued expenses. Effective January 1, 2013, non-union employees will no longer have the option to receive pay in lieu of unused sick leave at the end of the year. Upon retirement in good standing, employees shall receive payment for 50% of their accumulated unused sick time, up to a maximum of \$15,000.

17. RISK MANAGEMENT

The Authority has contracted with the Middlesex County Joint Insurance Fund related to risks for losses related to auto, general liability, workmen's compensation, property damage and public official's liability. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Authority for matters which may have been caused or related to the Authority or its employees.

18. COMMITMENTS AND CONTINGENCIES

Construction Contract

The Authority entered into a contract with New Brunswick Development Corporation (the "Developer") to facilitate, coordinate, and administer all development and construction activities necessary for the construction of the New Brunswick Performing Arts Center. On September 5, 2019, the Authority completed construction on the New Brunswick Performing Arts Center and capitalized the value of the construction into fixed assets at a cost of \$21,008,860.

Litigation

General

The Authority is subject to legal proceedings and claims which arise in the ordinary course of business. Management does not believe that the outcome of any of these matters will have a material adverse effect on the financial position, operating results or cash flows.

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New Jersey Department of Transportation Grant

The Authority was awarded a grant from the New Jersey Department of Transportation (“NJDOT”) towards construction of the Gateway Project. The grant award totaled \$14,000,000 to be paid equally over 14 fiscal years, which is to be appropriated and approved annually. The Authority has earned \$11,000,000 through December 31, 2019.

Operating Leases

Lessee

In addition to the leases described in Note 6, the Authority leases building and other space under various agreements with expirations ranging from month to month to June 2025. The building lease provides for minimum monthly rental payments of approximately \$23,000 per month.

The Authority recognizes rent expense on a straight line basis over the terms of the leases. The difference between amounts paid and amounts charged to expense are reflected as deferred rent, which was \$112,345 and \$102,191 for the years ended December 31, 2019 and 2018, respectively. Rental expense for the years ended December 31, 2019 and 2018 amounted to \$651,906 and \$649,665, respectively.

Future minimum lease payments for the years ended December 31, are as follows:

2020	\$ 311,235
2021	320,572
2022	330,189
2023	340,095
2024	350,298
Thereafter	<u>177,737</u>
	<u>\$ 1,830,126</u>

Lessor

The Authority leases office space to various tenants in New Brunswick, New Jersey under various non-cancellable lease agreements which expire between December 2020 and December 2047 and various month to month leases. Lease agreements which contain escalating rent are measured on a straight line basis and the associated asset (liability) is shown in the statements of net position as deferred rent. Deferred rent of \$883,068 associated to lease agreements where the Authority is the lessor was written off during 2019 due to the termination of one of the lease agreements. Deferred rent amounted to \$0 and \$836,942 at December 31, 2019 and 2018, respectively. Rental income from these leases was \$1,878,975 and \$3,153,096 for the years ending December 31, 2019 and 2018, respectively.

Minimum annual rentals under non-cancellable lease agreements are as follows at December 31:

2020	\$ 2,374,744
2021	2,298,549
2022	2,295,120
2023	2,110,807
2024	1,577,669
Thereafter	<u>6,731,495</u>
	<u>\$ 17,388,384</u>

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2019 and 2018

Concentrations of Labor Subject to Collective Bargaining Agreement

At December 31, 2019, the Authority had a total of approximately 98 employees of which, approximately 88 are hourly workers and 10 are salaried. Approximately 13.6% (12 employees) of the Authority's hourly employees are represented by a union, for which a collective bargaining agreement was agreed upon and in effect from January 1, 2016 through December 31, 2019. None of its salaried employees are represented by a union.

Purchasing Cooperative

The Authority entered into a purchasing cooperative in 2015 with several unrelated entities to obtain discounted pricing and better rates for purchases. The Authority is the lead agency.

19. RELATED PARTY TRANSACTIONS

The City Counsel of the City appoints the Board of Commissioners of the Authority. The City guarantees the bonds payable of the Authority (see Note 11). Additionally, the Authority pays an annual payment in lieu of taxes to the City, which amounted to \$4,975,000 for the years ended December 31, 2019 and 2018, respectively (see Note 15).

20. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Authority has a number of financial instruments, including accounts receivable, grants receivable, accounts payable, accrued liabilities and subordinated project notes payable. The Authority estimates that the fair value of these financial instruments for the years ended December 31, 2019 and 2018 do not differ materially from the aggregate carrying values of its financial instruments recorded in the statements of net position due to the relatively short maturity of these instruments, with the exception of the bonds payable (see Note 11).

21. SUBSEQUENT EVENTS

The Authority has evaluated events occurring after the statement of net position date through the date of June 24, 2020, the date the financial statements were available to be released. Based upon this evaluation, the Authority has determined the following event occurred requiring disclosure in or adjustment to the financial statements:

Risks Related to Contagious Diseases

The current outbreak of a novel strain of coronavirus ("COVID-19"), first identified in Wuhan, China, is significantly impacting businesses across the world. On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern". While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results, including investment results, may be adversely affected in 2020. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others. Relating to the Authority, we believe that the coronavirus could negatively affect its operation due to the fact that many events and gathering have been limited by the federal government and restaurants, theaters, gyms, and certain other businesses have been forced to close for an undetermined amount of time.

SUPPLEMENTARY INFORMATION

**Parking Authority of the City of New Brunswick
Schedule of the Authority's Proportionate Share of the Net Pension Liability – PERS and Notes to Required Supplementary Information
Year Ended December 31, 2019**

The Authority's proportion (amount and percentage) of the collective net pension liability and the Authority's proportionate share of the collective net pension liability as a percentage of covered payroll as of the measurement date (June 30) for the previous ten years* is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Authority's proportionation of the net pension liability (asset) (PERS Local Group)	0.034013%	0.037095%	0.038161%	0.041637%	0.046092%	0.047714%	0.046557%			
Authority's proportionate share of the net pension liability (PERS Local Group)	\$ 6,171,319	\$ 7,302,723	\$ 8,883,223	\$ 12,331,813	\$ 10,346,689	\$ 8,933,290	\$ 8,898,006			
Authority's covered-employee payroll	\$ 2,474,833	\$ 2,305,302	\$ 2,501,009	\$ 2,694,425	\$ 2,836,389	\$ 3,052,329	\$ 3,217,727			
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	249.36%	316.78%	355.19%	457.68%	364.78%	292.67%	276.53%			

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

Notes to Required Supplementary Information:

Benefit Changes

None.

Changes of Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.

See Independent Auditor's Report.

**Parking Authority of the City of New Brunswick
Schedule of the Authority's Contributions – PERS
Year Ended December 31, 2019**

The Authority's contractually and statutorily required employer contributions as of December 31, for each of the past ten years* are as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contributions										
Regular pension and non-contributory group insurance contributions	\$ 335,284	\$ 368,785	\$ 363,650	\$ 375,406	\$ 396,266	\$ 393,344	\$ 398,389	\$ 329,913	\$ 266,792	222,215
Chapter 19 P.L. 2009 Contribution	13,796	13,685	13,609	13,438	13,292	13,210	12,913	12,538	12,377	-
Contributions in relation to the contractually required contribution	<u>(349,080)</u>	<u>(382,470)</u>	<u>(377,259)</u>	<u>(388,844)</u>	<u>(409,558)</u>	<u>(406,554)</u>	<u>(411,302)</u>	<u>(342,451)</u>	<u>(279,169)</u>	<u>(222,215)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 2,474,833	\$ 2,305,302	\$ 2,501,009	\$ 2,694,425	\$ 2,836,389	\$ 3,052,329	\$ 3,217,727	\$ 3,202,101	\$ 2,781,069	\$ 2,276,377
Contributions as a percentage of covered-employee payroll	14.11%	16.59%	15.08%	14.43%	14.44%	13.32%	12.78%	10.69%	10.04%	9.76%

See Independent Auditor's Report.

Parking Authority of the City of New Brunswick
Schedule of Operating Revenue and Costs Funded by Operating Revenue Compared to
Budget
Year Ended December 31, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Operating revenues			
Parking fees	\$ 27,321,065	\$ 28,608,910	\$ 1,287,845
Other operating revenues	<u>4,551,983</u>	<u>2,781,662</u>	<u>(1,770,321)</u>
Total operating revenues	<u>31,873,048</u>	<u>31,390,572</u>	<u>(482,476)</u>
Non-operating revenues			
Grants and entitlements	1,000,000	1,103,399	103,399
Interest on investments and deposits	84,000	667,791	583,791
Gain on sale of property	<u>-</u>	<u>18,000</u>	<u>18,000</u>
Total non-operating revenues	<u>1,084,000</u>	<u>1,789,190</u>	<u>2,873,190</u>
Total revenues	<u>32,957,048</u>	<u>33,179,762</u>	<u>222,714</u>
Appropriations			
Administration			
Salaries and wages	791,600	790,519	1,081
Employee benefits	364,210	330,208	34,002
Other expenses	810,686	851,123	(40,437)
Cost of providing service			
Salaries and wages	2,598,500	2,298,268	300,232
Employee benefits	1,439,216	1,225,783	213,433
Other expenses	4,067,139	4,269,110	(201,971)
Debt service			
Interest payments on debt	11,785,687	11,768,192	17,495
Principal payments on bonds	5,870,000	5,870,000	-
Other reserves			
PILOT	<u>4,975,000</u>	<u>4,975,000</u>	<u>-</u>
Total expenses	<u>32,702,038</u>	<u>32,378,203</u>	<u>323,835</u>
Surplus (deficit)	<u>\$ 255,010</u>	<u>\$ 801,559</u>	<u>\$ 546,549</u>

Reconciliation to Statement of Revenues and Expenses and Changes in Net Position

Pension expense, net - GASB 68 adjustment	\$ 533,454
Amortization of original issue premium	1,434,730
Depreciation expense	(6,740,555)
Interest payments on crossover bonds, net	(3,511,187)
Amortization of bond insurance	(36,868)
Principal paid on bonds	5,870,000
Interest revenue on promissory note receivable	45,130
Interest expense on promissory note payable	(144,928)
Bond issuance costs	(37,063)
Total reconciling items	<u>(2,587,287)</u>
Changes in net position	<u>\$ (1,785,728)</u>

See Independent Auditor's Report.

**Parking Authority of the City of New Brunswick
 Schedule of Expenditures of State Financial Assistance
 Year Ended December 31, 2019**

<u>State Grantor/Pass-Through Grantor/Program</u>	<u>CFDA</u>	<u>State Grant Award Number</u>	<u>Grant Period</u>	<u>2019 Expenditures</u>	<u>Total Grant Expenditures to Date</u>
State Awards					
State of New Jersey*					
Department of Transportation					
State Aid Highway Projects					
New Brunswick Transit Village Parking Project	N/A	6320-480-078-6320- ALM-TACP-6010	07/01/2009 - 06/30/2023	\$ 1,000,000	\$ 11,000,000
*Assigned to the Authority by the City of New Brunswick.					
State of New Jersey					
Transportation Planning Authority					
Passed through New Jersey Transit Corporation					
New Brunswick Station - Pedestrian Bridge Project	N/A	N/A	03/28/2014 - 03/31/2021	<u>\$ 103,399</u>	<u>\$ 481,217</u>
Total state financial assistance				<u>\$ 1,103,399</u>	<u>\$ 11,481,217</u>

See Independent Auditor's Report.

Parking Authority of the City of New Brunswick
Notes to Schedule of Expenditures of State Financial Assistance
Year Ended December 31, 2019

1. GENERAL INFORMATION

The accompanying schedule of expenditures of state financial assistance presents the activities of the state financial assistance programs of Parking Authority of the City of New Brunswick. All financial assistance received directly from state agencies as well as financial assistance passed through other governmental agencies is included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to state funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Expenditures are reported on the statements of net position as capital assets or as expenses on the statements of revenues, expenses and changes in net position. The expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of state financial assistance due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America as promulgated by GASB.

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Authority Commissioners,
Parking Authority of the City of New Brunswick:

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 Parking Authority of the City of New Brunswick (the "Authority") as of and for the year ended December 31, 2019 and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith + Brown, PC

June 24, 2020

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY, DEPARTMENT OF TREASURY, OFFICE OF MANAGEMENT AND BUDGET, POLICY CIRCULAR 15-08-OMB (“NJ CIRCULAR 15-08”)

INDEPENDENT AUDITOR’S REPORT

The Honorable Chairman and Authority Commissioners,
Parking Authority of the City of New Brunswick:

Report on Compliance for Each Major State Program

We have audited Parking Authority of the City of New Brunswick’s (the “Authority”) compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the Authority’s major state program for the year ended December 31, 2019. Parking Authority of the City of New Brunswick’s major state program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the Authority’s major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and State of New Jersey, Department of the Treasury, Office of Management and Budget Policy Circular 15-08-OMB (“NJ Circular 15-08”). Those standards and NJ Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Authority’s compliance.

Opinion on Major State Program

In our opinion, Parking Authority of the City of New Brunswick complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2019.

Report on Internal Control Over Compliance


Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with NJ Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of NJ Circular 15-08. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

June 24, 2020

**Parking Authority of the City of New Brunswick
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2019**

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:
 Material weaknesses identified? No
 Significant deficiencies identified that are not considered to be material weaknesses None Reported

Noncompliance material to financial statements noted? No

State Financial Assistance

Internal control over major programs:
 Material weaknesses identified? No
 Significant deficiencies identified that are not considered to be material weaknesses None reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular 15-08-OMB? No

The following state program was designated as a major program:

<u>State Grantor/Pass-Through Grantor/Program</u>	<u>State Grant Award Number</u>	<u>Expenditures</u>
State of New Jersey Department of Transportation Passed through New Jersey Transit Corporation New Brunswick Transit - Village Parking Project	6320-480-078-6320-ALM-TACP-6010	\$ 1,000,000

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes

Section 2 – Financial Statement Findings

No matters were reported.

Section 3 – State Financial Assistance Findings and Questioned Costs

No matters were reported.

Section 4 – Prior Year Schedule of Findings and Questioned Costs

No matters were reported.

**Parking Authority of the City of New Brunswick
Roster of Officials
Year Ended December 31, 2019**

The following Officials were in office during the period under audit:

<u>Name</u>	<u>Office</u>	<u>Bond Amount</u>	<u>Term Expiration</u>
<u>Board of Commissioners</u>			
Kevin McTernan	Chairperson	None	December 31, 2020
Anthony Caputo	1 st Vice Chairperson	None	December 31, 2024
Andrea Eato-White	Commissioner	None	December 31, 2023
Louis Garlatti, Jr.	Treasurer	\$100,000	December 31, 2022
Edwin Keefe	Secretary	None	December 31, 2022

Other Officials

Rainone Coughlin Minchello LLC	Counsel
Mitchell Karon	Executive Director
Bright Rajaratnam	Chief Financial Officer

A Blanket Bond issued through the Middlesex County Municipal Joint Insurance Fund for \$1,000,000 per occurrence covers all Authority employees. In addition, a separate surety bond issued by Selective Insurance Company of America for \$100,000 covers the Authority Treasurer.

Parking Authority of the City of New Brunswick
General Comments
Year Ended December 31, 2019

An audit of the financial accounts and transactions of Parking Authority of the City of New Brunswick for the year ended December 31, 2019 has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of Parking Authority of the City of New Brunswick.

**Parking Authority of the City of New Brunswick
Recommendations
Year Ended December 31, 2019**

None.