



PARKING AUTHORITY OF THE CITY OF NEW BRUNSWICK
Financial Statements
December 31, 2021 and 2020
With Independent Auditor's Reports

Parking Authority of the City of New Brunswick
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December 31, 2021 and 2020

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Parking Authority of the City of New Brunswick Management's Discussion and Analysis (Unaudited) December 31, 2021 and 2020

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, 2021 and 2020. 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.

Future Economic Outlook

The local economy is seeing a rebound from the effects of COVID-19. Parking demand is slowly increasing, with an expectation that it will continue to increase as the number of people vaccinated grows. Rutgers University and other key businesses are now open which should result in an increase demand in parking, especially on-street metered parking. As occupancy limitations continue to be loosened, the result will be an increase in parking demand for those attending events and/or having dinner in New Brunswick at one of our many fine restaurants. The residential housing market in New Brunswick is strong and the Authority has seen an increased demand in off-street parking from tenants and owners of residential units. The Authority expects to meet all its financial obligations in the coming year. Parking demand and revenue is expected to continue to increase in the immediate future.

Parking Authority of the City of New Brunswick Management's Discussion and Analysis (Unaudited) December 31, 2021 and 2020

Financial Highlights

- Unrestricted cash and cash equivalents decreased by approximately \$788,000. This decrease was primarily due to the payment in lieu of taxes paid to the City related to its 2020 obligation.
- Operating revenue from charges for services increased by approximately \$171,000. This was attributable to an increase in operations as the local economy continued to recover from the impact of the COVID-19 pandemic.
- Operating expenses decreased by approximately \$556,000. This was mainly due to changes in the actuarial valuations of the Authority's proportionate share of the State of New Jersey's pension and OPEB plans.
- During 2021, the Authority experienced a decrease in net deficit of approximately \$1,940,000. This change was primarily caused by a loss on sale of assets of approximately \$1,318,000 and a deficit contribution to the joint insurance fund in which the Authority participates of approximately \$603,000.
- During 2021, the Authority entered into two purchase and sale agreements to sell land and property owned. We received a \$6m deposit and the agreement is going through due diligence. Additionally, the Authority sold a portion of its Gateway building resulting in sales proceeds of approximately \$6,461,000 which resulted in a loss on sale of approximately \$1,318,000.
- The Authority's crossover bonds were refunded in 2020; therefore, \$8.4m of expenses incurred in 2020 were non-recurring in 2021, resulting in a significant decrease in non-operating expenses.
- The Authority is current on all debt obligations and paid its debt service requirements in 2021.

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 deficit 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 deficit 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. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Authority's progress in funding its obligations to provide pension and OPEB benefits to its employees.

**Parking Authority of the City of New Brunswick
Management's Discussion and Analysis (Unaudited)
December 31, 2021 and 2020**

Statement of Net Deficit

The Authority's net deficit was \$14,441,267 and \$12,446,140 at December 31, 2021 and 2020, respectively. The following table illustrates the significant net deficit activity.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets			
Current assets	\$ 5,839,357	\$ 6,876,476	\$ 6,835,390
Restricted assets	39,210,460	29,705,470	182,892,675
Noncurrent assets	24,321,237	24,403,959	24,429,303
Capital assets	<u>226,242,067</u>	<u>240,064,154</u>	<u>245,264,561</u>
Total assets	<u>\$ 295,613,121</u>	<u>\$ 301,050,059</u>	<u>\$ 459,421,929</u>
Deferred outflows of resources	<u>\$ 2,657,803</u>	<u>\$ 3,898,356</u>	<u>\$ 1,399,523</u>
Liabilities			
Current liabilities	\$ 26,215,873	\$ 16,792,445	\$ 18,289,463
Noncurrent liabilities	<u>274,712,364</u>	<u>290,726,734</u>	<u>434,032,553</u>
Total liabilities	<u>\$ 300,928,237</u>	<u>\$ 307,519,179</u>	<u>\$ 452,322,016</u>
Deferred inflows of resources	<u>\$ 11,783,954</u>	<u>\$ 9,875,376</u>	<u>\$ 11,184,907</u>
Net Deficit			
Restricted	\$ 1,588,070	\$ 1,668,583	\$ 15,532,953
Net investment in capital assets	-	-	3,978,554
Unrestricted net deficit	<u>(16,029,337)</u>	<u>(14,114,723)</u>	<u>(22,196,978)</u>
Total net deficit	<u>\$ (14,441,267)</u>	<u>\$ (12,446,140)</u>	<u>\$ (2,685,471)</u>

As of December 31, 2021 and 2020, the unrestricted net deficit of \$14,441,267 and \$12,446,140, respectively, includes the net pension and OPEB liability (net of deferred inflows and outflows of resources) of \$20,838,820 and \$23,228,491, respectively.

**Parking Authority of the City of New Brunswick
Management's Discussion and Analysis (Unaudited)
December 31, 2021 and 2020**

Statement of Revenues and Expenses

Changes in the Authority's net deficit can be determined by reviewing the following condensed statements of revenues, expenses and changes in net deficit for the years ended December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenue			
Operating revenue			
Charges for services	\$ 23,658,669	\$ 23,488,064	\$ 31,390,572
Non-operating revenue			
Interest earned on investments	56,461	308,036	667,791
Interest earned on promissory notes receivable	160,860	120,645	45,130
(Loss) gain on sale of capital assets	(1,318,356)	28,038	18,000
Grant revenue	1,086,906	1,143,969	1,103,399
Total non-operating revenue	<u>(14,129)</u>	<u>1,600,688</u>	<u>1,834,320</u>
Total revenue	23,644,540	25,088,752	33,224,892
Expenses			
Operating expenses			
Cost of providing services	5,333,866	5,595,861	7,793,161
Administrative and general	2,512,991	1,798,600	1,971,850
Depreciation	6,494,865	6,322,689	6,740,555
Pension benefit, net - GASB 68 adjustment	(1,420,549)	(753,484)	(533,454)
OPEB benefit, net - GASB 75 adjustment	<u>(964,206)</u>	<u>(450,838)</u>	<u>(762,619)</u>
Total operating expenses	11,956,967	12,512,828	15,209,493
Non-operating expenses (revenues)			
Interest on bonds payable	10,354,658	10,121,305	11,768,192
Interest on crossover bonds	-	3,521,077	3,511,187
Interest on notes payable	266,600	208,663	144,928
Loss on sale of assets whose use is limited	-	4,962,850	-
Amortization of bond premiums	(1,995,701)	(2,005,360)	(1,434,730)
Amortization of bond insurance	45,080	37,279	36,868
Amortization of bond issuance costs	37,063	515,779	37,063
Payment in lieu of taxes ("PILOT")	<u>4,975,000</u>	<u>4,975,000</u>	<u>4,975,000</u>
Total non-operating expenses	<u>13,682,700</u>	<u>22,336,593</u>	<u>19,038,508</u>
Total expenses	<u>25,639,667</u>	<u>34,849,421</u>	<u>34,248,001</u>
Changes in net deficit	<u>\$ (1,995,127)</u>	<u>\$ (9,760,669)</u>	<u>\$ (1,023,109)</u>

The Authority realized an increase in revenues from operations (charges for services) of approximately \$171,000 (1%) as compared to 2020. The Authority realized a decrease in expenses from operations of approximately \$545,000 (4%) as compared to 2020. The changes in revenues and expenses were driven predominantly by changes in parking volume as a result of the government-imposed restrictions relating to the COVID-19 pandemic and increases in expenses as operations began to normalize in 2021, offset by net pension and OPEB benefits.

**Parking Authority of the City of New Brunswick
Management's Discussion and Analysis (Unaudited)
December 31, 2021 and 2020**

Budget to Actual Analysis

The schedule of operating revenue and costs funded by operating revenue compared to budget is included on page 45. For 2021, the Authority recognized revenue of approximately \$24,802,000, which was a 6% increase over the 2021 budgeted revenue amount of approximately \$23,387,000. Personnel and related expenses were over budget by approximately \$207,000. Other expenses were under budget by approximately \$393,000. Total operating expenses were over budget by approximately \$5,587,000 due mainly to PILOT of \$4,975,000 not being included in budget as the Authority was uncertain whether the PILOT would be assessed due to financial uncertainty caused by the COVID-19 pandemic. Overall, the Authority recognized a net deficit of approximately \$2,915,000 for items which are included in the budget, as compared to the budgeted surplus amount of approximately \$1,257,000.

Capital Asset and Debt Administration

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

	<u>2021</u>	<u>2020</u>	<u>2020</u>
Land	\$ 38,875,126	\$ 38,875,126	\$ 38,875,126
Equipment	5,132,467	5,107,132	4,947,995
Parking facilities and renovations	251,041,466	260,316,325	259,495,231
Software	74,130	35,255	35,255
Signage	51,447	51,447	51,447
Construction in progress	<u>787,198</u>	<u>547,325</u>	<u>453,227</u>
	295,961,834	304,932,610	303,858,281
Accumulated depreciation	<u>(69,719,767)</u>	<u>(64,868,456)</u>	<u>(58,593,720)</u>
	<u>\$ 226,242,067</u>	<u>\$ 240,064,154</u>	<u>\$ 245,264,561</u>

Overall, net capital assets decreased by approximately \$14,062,000 (6%) from 2020 to 2021. The decrease is as a result of current year additions of approximately \$245,000 offset by depreciation expense of approximately \$6,495,000 and sales/ disposals of property with a book value totaling approximately \$7,812,000.

Debt Outstanding

The Authority had the following debt outstanding at December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenue bonds payable	\$ 251,533,385	\$ 258,054,086	\$ 409,585,507
Subordinated project note payable	5,610,000	5,610,000	4,710,000
Notes payable	<u>16,086,000</u>	<u>16,086,000</u>	<u>16,086,000</u>
	<u>\$ 273,229,385</u>	<u>\$ 279,750,086</u>	<u>\$ 430,381,507</u>

During 2021, bonds payable decreased by approximately \$6,521,000 as a result of current year principal payments of approximately \$4,525,000 and changes in bond discount and bond premium, net of approximately \$1,996,000.

**Parking Authority of the City of New Brunswick
Management's Discussion and Analysis (Unaudited)
December 31, 2021 and 2020**

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 Audit of the Financial Statements

Opinion

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 deficit as of December 31, 2021 and 2020, and the related statements of revenues, expenses and changes in net deficit 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.

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, 2021 and 2020, and the changes in its net deficit and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

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, schedule of Authority's contributions - PERS, schedule of the Authority's proportionate share of the net OPEB liability - SHBP, and schedule of Authority's contributions - SHBP, 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.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of operating revenue and costs funded by operating revenue compared to budget is presented for purposes of additional analysis and is 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, Office of Management and Budget Policy Circular 15-08-OMB* and is not a required part of the basic financial statements.

The schedule of operating revenue and costs funded by operating revenue compared to budget and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule 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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the roster of officials but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2023, 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.

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

April 21, 2023

Parking Authority of the City of New Brunswick
Statements of Net Deficit
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,929,513	\$ 2,717,880
Accounts receivable, net	2,222,813	3,646,688
Grants receivable	1,254,702	177,213
Prepaid expenses and other current assets	359,191	265,458
Inventory	<u>73,138</u>	<u>69,237</u>
Total current assets	<u>5,839,357</u>	<u>6,876,476</u>
Restricted assets		
Cash and cash equivalents	6,500,460	3,937,470
Investments	<u>32,710,000</u>	<u>25,768,000</u>
Total restricted assets	<u>39,210,460</u>	<u>29,705,470</u>
Noncurrent assets		
Promissory notes receivable	16,086,000	16,086,000
Prepaid operating lease, net	2,884,614	2,922,256
Capital assets, net	226,242,067	240,064,154
Prepaid bond insurance	712,196	757,276
Capital assets held for sale	<u>4,638,427</u>	<u>4,638,427</u>
Total noncurrent assets	<u>250,563,304</u>	<u>264,468,113</u>
Total assets	<u>\$ 295,613,121</u>	<u>\$ 301,050,059</u>
Deferred outflows of resources		
Pension deferred outflows	\$ 73,323	\$ 464,506
OPEB deferred outflows	2,040,886	2,853,193
Deferred charge on refunding	<u>543,594</u>	<u>580,657</u>
Total deferred outflows of resources	<u>\$ 2,657,803</u>	<u>\$ 3,898,356</u>

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

Parking Authority of the City of New Brunswick
Statements of Net Deficit
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,941,954	\$ 1,564,659
Accrued PILOT, current portion	995,000	947,210
Unearned revenue - parking	151,250	197,270
Security deposits	722,509	662,941
Bonds payable, current portion	7,440,000	4,525,000
Deposit on sale of capital assets	6,000,000	-
Subordinated project notes payable	5,610,000	5,610,000
Accrued interest on bonds	<u>3,355,160</u>	<u>3,285,365</u>
Total current liabilities	<u>26,215,873</u>	<u>16,792,445</u>
Noncurrent liabilities		
Unearned revenue - judges parking	273,718	299,610
Unearned rent	105,186	113,434
Accrued PILOT, net of current portion	2,985,000	4,027,790
Bonds payable, net of current portion	244,093,385	253,529,086
Notes payable	16,086,000	16,086,000
Net pension liability	3,495,048	5,475,717
Net OPEB liability	<u>7,674,027</u>	<u>11,195,097</u>
Total noncurrent liabilities	<u>274,712,364</u>	<u>290,726,734</u>
Total liabilities	<u>\$ 300,928,237</u>	<u>\$ 307,519,179</u>
Deferred inflows of resources		
Pension deferred inflows	3,406,922	3,237,985
OPEB deferred inflows	<u>8,377,032</u>	<u>6,637,391</u>
Total deferred inflows of resources	<u>\$ 11,783,954</u>	<u>\$ 9,875,376</u>
Net Deficit		
Restricted for		
Debt service	\$ 1,553,003	\$ 1,633,586
Renewal and replacement	35,067	34,997
Unrestricted net deficit	<u>(16,029,337)</u>	<u>(14,114,723)</u>
Total net deficit	<u>\$ (14,441,267)</u>	<u>\$ (12,446,140)</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 Deficit
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Parking revenue	\$ 18,532,239	\$ 18,264,651
Meter operations	1,802,146	1,371,884
Rental revenue	1,860,224	2,396,124
Common facility	947,044	945,854
Summons surcharge	189,212	133,160
Management revenue	305,404	345,316
Event parking	-	20,123
Other revenue	22,400	10,952
Total operating revenues	<u>23,658,669</u>	<u>23,488,064</u>
Operating expenses		
Cost of providing services	5,333,866	5,595,861
Administrative and general	2,512,991	1,798,600
Depreciation	6,494,865	6,322,689
Pension benefit, net - GASB 68 adjustment	(1,420,549)	(753,484)
OPEB benefit, net - GASB 75 adjustment	(964,206)	(450,838)
Total operating expenses	<u>11,956,967</u>	<u>12,512,828</u>
Operating income	<u>11,701,702</u>	<u>10,975,236</u>
Non-operating revenues (expenses)		
Interest earned on investments	56,461	308,036
Interest earned on promissory notes receivable	160,860	120,645
Grant revenue	1,086,906	1,143,969
Interest on bonds payable	(10,354,658)	(10,121,305)
Interest on crossover bonds, net of interest revenue of \$-0- and \$2,886,798 at December 31, 2021 and 2020, respectively	-	(3,521,077)
Interest on notes payable	(266,600)	(208,663)
Loss on sale of investments	-	(4,962,850)
Loss (gain) on sale of capital assets	(1,318,356)	28,038
Amortization of bond premium	1,995,701	2,005,360
Amortization of bond insurance	(45,080)	(37,279)
Amortization of bond issuance costs	(37,063)	(515,779)
Total non-operating revenues (expenses)	<u>(8,721,829)</u>	<u>(15,760,905)</u>
Changes in net deficit before payment in lieu of taxes	2,979,873	(4,785,669)
Direct charges		
Payment in lieu of taxes (PILOT)	<u>(4,975,000)</u>	<u>(4,975,000)</u>
Changes in net deficit	(1,995,127)	(9,760,669)
Net deficit		
Beginning of year	<u>(12,446,140)</u>	<u>(2,685,471)</u>
End of year	<u>\$ (14,441,267)</u>	<u>\$ (12,446,140)</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Cash received from services	\$ 24,968,219	\$ 22,452,455
Cash paid to suppliers	(5,455,044)	(4,663,038)
Cash paid to employees	(1,985,694)	(2,236,720)
Cash paid for fee in lieu of taxes	(5,970,000)	-
Net cash provided by operating activities	<u>11,557,481</u>	<u>15,552,697</u>
Capital and related financing activities		
Purchases of capital assets	(245,405)	(1,122,282)
Proceeds from sale of capital assets	6,254,272	28,038
Cash deposit received on sale of capital assets	6,000,000	-
Principal paid on bonds payable, including refunding	(4,525,000)	(175,655,000)
Cash paid for interest, net of interest subsidy	(10,390,603)	(15,847,737)
Proceeds from issuance of bonds payable	-	26,128,939
Proceeds from issuance of subordinated project note payable	-	900,000
Payments for bond issuance costs	-	(478,716)
Payments for bond insurance	-	(49,272)
Cash received from capital grants	9,417	1,151,512
Net cash used in capital and related financing activities	<u>(2,897,319)</u>	<u>(164,944,518)</u>
Investing activities		
Investment income	56,461	308,036
Purchases of investments	(35,721,692)	(57,443,908)
Proceeds from sale of investments	28,779,692	206,510,481
Net cash provided by (used in) investing activities	<u>(6,885,539)</u>	<u>149,374,609</u>
Net change in cash and cash equivalents	1,774,623	(17,212)
Cash and cash equivalents		
Beginning of year	<u>6,655,350</u>	<u>6,672,562</u>
End of year	<u>\$ 8,429,973</u>	<u>\$ 6,655,350</u>
Cash and cash equivalents - statements of net position		
Cash and cash equivalents	\$ 1,929,513	\$ 2,717,880
Restricted cash and cash equivalents	<u>6,500,460</u>	<u>3,937,470</u>
Total cash and cash equivalents - statements of net position	<u>\$ 8,429,973</u>	<u>\$ 6,655,350</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Operating income (less PILOT)	\$ 6,726,702	\$ 6,000,236
Adjustments to reconcile operating income (less PILOT) to net cash provided by operating activities		
Depreciation	6,494,865	6,322,689
Bad debt expense	236,988	-
Amortization of prepaid operating lease	37,642	37,337
Changes in		
Accounts receivable	1,186,887	(972,422)
Prepaid expenses and other current assets	(93,733)	61,407
Inventory	(3,901)	2,956
Accounts payable and accrued expenses	377,294	469,403
Accrued PILOT	(995,000)	4,975,000
Unearned revenue - parking	(46,020)	(116,746)
Security deposits	59,568	15,452
Unearned revenue - judges parking	(25,892)	(24,389)
Unearned rent	(8,248)	1,089
Net pension liability	(1,980,669)	(695,602)
Net OPEB liability	(3,521,070)	3,321,714
Deferred outflows of resources for pension	391,183	277,592
Deferred outflows of resources for OPEB	812,307	(2,813,488)
Deferred inflows of resources for pension	168,937	(335,474)
Deferred inflows of resources for OPEB	1,739,641	(974,057)
Net cash provided by operating activities	<u>\$ 11,557,481</u>	<u>\$ 15,552,697</u>
Noncash capital and related financing activities		
Construction costs transferred from deposits to Capital assets	<u>\$ -</u>	<u>\$ 55,699</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, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Parking Authority of the City of New Brunswick (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles ("GAAP")). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies followed by 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 has one fund that is considered an enterprise fund and, accordingly, the Authority's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 in the supplementary information section for further information. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the total budget level.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows in the 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. 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 net amounts that do not meet the definition of the previous two categories.

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.

Investments

Investments include assets held by trustees under bond indenture agreements. Investments 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 is 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, 2021 and 2020.

Capital Assets, Net

Capital assets are stated at cost. Depreciation and amortization are 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 deficit.

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, 2021 and 2020 management has determined that there was no impairment of capital assets.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

Concentration of Credit Risk

At December 31, 2021, three customers accounted for approximately 69% of accounts receivable. At December 31, 2020, three customers accounted for approximately 55% of accounts receivable. For the years ended December 31, 2021 and 2020, one customer accounted for approximately 24% and 22% of total operating revenue, respectively.

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.

Non-Operating Revenues

Non-operating revenues consist of interest income on investments, 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 valued at cost 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.

Unearned Rent

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

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

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>2021</u>	<u>2020</u>
Interest on bonds payable	\$ 10,354,658	\$ 14,256,762
Interest on crossover bonds, net	-	3,521,077
Interest on notes payable	266,600	208,663
Less: Interest rebate	<u>-</u>	<u>(4,135,457)</u>
	<u>\$ 10,621,258</u>	<u>\$ 13,851,045</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.

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 inflows 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 OPEB plan (see Note 13), pension plan (see Note 14), and bond refunding (see Note 11). The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes. The Authority’s deferred inflows are a result of its participation in the OPEB plan (see Note 13) and pension plan (see Note 14).

Accounting Pronouncements Adopted in the Current Year

Accounting for Interest Cost Incurred Before the End of a Construction Period

During 2021, the Authority adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement required that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This standard was adopted on a prospective basis and there was no effect on previously reported changes in net deficit.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

New Accounting Pronouncements Not Yet Adopted

Leases

On June 28, 2017, 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 June 15, 2021. 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.

Reclassifications

Certain items in the prior year financial statements were reclassified to conform to the current year presentation. Reclassifications had no effect on prior year change in net deficit or net deficit.

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.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the maximum maturity length of investments to five years.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. The standard of prudence to be used by the Authority shall be the “prudent person” standard which states:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

The above standard is established as the standard for professional responsibility and shall be applied in the context of managing the Authority’s overall portfolio. At December 31, 2021 and 2020, the Authority’s investments representing greater than 5% of their portfolio were non-negotiable certificates of deposit, which totaled \$25,524,000 and \$18,254,000, respectively.

Custodial Credit Risk

Custodial credit risk is the risk that a government will not be able to cover deposits if the depository financial institution fails or will not be able to recover collateral securities that are in the possession of an outside party. It is the policy of the Authority to require that demand and time deposits in excess of FDIC or other federal insurable limits be secured by some form of collateral to protect public deposits in a single situation if it were to default due to poor management or economic factors. As of December 31, 2021 and 2020, the Authority’s bank deposits were fully insured or collateralized.

The carrying amount of the Authority’s cash and cash equivalents as of December 31, 2021 and 2020 was \$1,929,513 and \$2,717,880, respectively, and the bank balance was \$2,005,065 and \$2,754,517, respectively. Of the bank balance, \$500,000 was covered by federal depository insurance each year and \$1,505,065 and \$2,254,517, respectively, were covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Investments

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

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020 consist of nonnegotiable certificates of deposit.

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 nonnegotiable 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>2021</u>	<u>2020</u>
Accounts receivable	\$ 2,837,143	\$ 4,080,121
Allowance for doubtful accounts	<u>(614,330)</u>	<u>(433,433)</u>
Accounts receivable, net	<u>\$ 2,222,813</u>	<u>\$ 3,646,688</u>

4. PROMISSORY NOTE 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.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

Promissory note receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Recorded investment	\$ 16,086,000	\$ 16,086,000
Unpaid principal balance	\$ 16,086,000	\$ 16,086,000
Interest income recognized	\$ 160,860	\$ 120,645
Accrued interest income	\$ 45,130	\$ 45,130

There was no allowance for loan losses for the years ended December 31, 2021 and 2020 as the loan was not on nonaccrual status. Accrued interest is included in prepaid expenses and other current assets.

5. INVESTMENTS

In accordance with certain bond resolutions and indenture agreements, 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.

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.

City contribution reserve – The Authority received a deposit during 2021 to be maintained in escrow until the transaction closes.

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

Total restricted assets consist of assets that are held by the trustee. Restricted cash and cash equivalents consist of those funds that are used to satisfy current liabilities and obligations.

Parking Authority of the City of New Brunswick
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Total restricted assets amounted to the following at December 31:

	<u>2021</u>	<u>2020</u>
General account	\$ 4,692,856	\$ 4,683,300
Revenue account	5,072,257	2,719,924
Current debt service	5,707,230	4,564,235
Future debt service	17,676,636	17,676,636
Renewal and replacement	35,067	34,997
City contribution reserve	6,000,000	-
Issuance cost escrow funds	26,414	26,378
	<u>\$ 39,210,460</u>	<u>\$ 29,705,470</u>

Fair Value Information

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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 had no fair value measurements included in investments as of December 31, 2021 and 2020. All investments in nonnegotiable certificates of deposit are recorded at cost.

The Authority's investments mature as follows:

	<u>2021</u>	<u>2020</u>
< 1 year	<u>\$ 32,710,000</u>	<u>\$ 25,768,000</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.

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%.

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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 deficit as a reduction of prepaid operating lease as of December 31, 2003. Net prepaid operating lease amounted to \$2,252,814 and \$2,258,056 at December 31, 2021 and 2020, 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 \$631,800 and \$664,200 at December 31, 2021 and 2020, respectively. Amortization expense for the next 5 years will be approximately \$32,400 per year.

7. UNEARNED 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%. Unearned revenue related to the lease agreement amounted to \$273,718 and \$299,610 at December 31, 2021 and 2020, respectively. Revenue from this agreement over the next five years will be recognized as follows: 2022 - \$27,489, 2023 - \$29,184, 2024 - \$30,985, 2025 - \$32,896; 2026 - \$34,925.

8. CAPITAL ASSETS, NET

Capital asset activity including additions and retirements consisted of the following at December 31:

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Balance December 31, 2021</u>
Capital assets not being depreciated:					
Land	\$ 38,875,126	\$ -	\$ -	\$ -	\$ 38,875,126
Construction in progress	<u>547,325</u>	<u>239,873</u>	<u>-</u>	<u>-</u>	<u>787,198</u>
Total capital assets not being depreciated	<u>39,422,451</u>	<u>239,873</u>	<u>-</u>	<u>-</u>	<u>39,662,324</u>
Capital assets being depreciated:					
Equipment	5,107,132	106,389	(81,054)	-	5,132,467
Parking facilities and renovations	260,316,325	100,141	(9,375,000)	-	251,041,466
Software	35,255	38,875	-	-	74,130
Signage	<u>51,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,447</u>
Total capital assets being depreciated	<u>265,510,159</u>	<u>245,405</u>	<u>(9,456,054)</u>	<u>-</u>	<u>256,299,510</u>
Less: accumulated depreciation	<u>64,868,456</u>	<u>6,494,865</u>	<u>(1,643,554)</u>	<u>-</u>	<u>69,719,767</u>
Capital assets, net	<u>\$ 240,064,154</u>	<u>\$ (6,009,587)</u>	<u>\$ (7,812,500)</u>	<u>\$ -</u>	<u>\$ 226,242,067</u>

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	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Balance December 31, 2020</u>
Capital assets not being depreciated:					
Land	\$ 38,875,126	\$ -	\$ -	\$ -	\$ 38,875,126
Construction in progress	453,227	127,992	-	(33,894)	547,325
Total capital assets not being depreciated	<u>39,328,353</u>	<u>127,992</u>	<u>-</u>	<u>(33,894)</u>	<u>39,422,451</u>
Capital assets being depreciated:					
Equipment	4,947,995	207,090	(47,953)	-	5,107,132
Parking facilities and renovations	259,495,231	787,200	-	33,894	260,316,325
Software	35,255	-	-	-	35,255
Signage	51,447	-	-	-	51,447
Total capital assets being depreciated	<u>264,529,928</u>	<u>994,290</u>	<u>(47,953)</u>	<u>33,894</u>	<u>265,510,159</u>
Less: accumulated depreciation	<u>58,593,720</u>	<u>6,322,689</u>	<u>(47,953)</u>	<u>-</u>	<u>64,868,456</u>
Capital assets, net	<u>\$ 245,264,561</u>	<u>\$ (5,200,407)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,064,154</u>

During 2021, the Authority sold a portion of its Gateway building resulting in net retirement of \$7,812,500. The Authority realized sales proceeds on that transaction of \$6,460,550, resulting in a net loss of approximately \$1,351,950.

Depreciation expense included as a charge to operations for the years ended December 31, 2021 and 2020 amounted to \$6,494,865 and \$6,322,689, respectively.

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, 2021 and 2020, respectively.

On December 16, 2021, the Authority entered into an agreement to sell its capital assets held for sale for a purchase price of \$6 million. The sale was not finalized until 2022. Accordingly, the \$6 million received as part of the agreement is recognized as a deposit on sale of capital assets in the statement of net position as of December 31, 2021.

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10. NONCURRENT LIABILITIES

The following summarizes net activity in noncurrent liabilities for the years ended December 31, 2021 and 2020:

	Beginning Balance January 1, 2021	Additions/ Subtractions	Payments/ Amortization	Ending Balance December 31, 2021	Current Portion
Revenue bonds payable	\$ 88,115,000	\$ -	\$ (4,525,000)	\$ 83,590,000	\$ 7,440,000
Bonds payable - crossover refunding	143,345,000	-	-	143,345,000	-
Unamortized bond premiums	<u>26,594,086</u>	<u>-</u>	<u>(1,995,701)</u>	<u>24,598,385</u>	<u>-</u>
Bonds payable	258,054,086	-	(6,520,701)	251,533,385	7,440,000
Notes payable	16,086,000	-	-	16,086,000	-
Subordinated project notes	5,610,000	-	-	5,610,000	5,610,000
Unearned revenue - judges parking	299,610	-	(25,892)	273,718	-
Unearned rent	113,434	-	(8,248)	105,186	-
Accrued PILOT	4,975,000	-	(1,049,800)	3,925,200	976,135
Net pension liability	5,475,717	(1,980,669)	-	3,495,048	-
Net OPEB liability	<u>11,195,097</u>	<u>(3,521,070)</u>	<u>-</u>	<u>7,674,027</u>	<u>-</u>
	<u>\$ 301,808,944</u>	<u>\$ (5,501,739)</u>	<u>\$ (7,604,641)</u>	<u>\$ 288,702,564</u>	<u>\$ 14,026,135</u>

	Beginning Balance January 1, 2020	Additions/ Subtractions	Payments/ Amortization	Ending Balance December 31, 2020	Current Portion
Revenue bonds payable	\$ 241,260,000	\$ 22,510,000	\$(175,655,000)	\$ 88,115,000	\$ 4,525,000
Bonds Payable - crossover refunding	143,345,000	-	-	143,345,000	-
Unamortized bond premiums	<u>24,980,507</u>	<u>3,618,939</u>	<u>(2,005,360)</u>	<u>26,594,086</u>	<u>-</u>
Bonds payable	409,585,507	26,128,939	(177,660,360)	258,054,086	4,525,000
Notes payable	16,086,000	-	-	16,086,000	-
Subordinated project notes	4,710,000	900,000	-	5,610,000	5,610,000
Unearned revenue - judges parking	323,999	-	(24,389)	299,610	-
Unearned rent	112,345	1,089	-	113,434	-
Accrued PILOT	-	4,975,000	-	4,975,000	947,210
Net pension liability	6,171,319	(695,602)	-	5,475,717	-
Net OPEB liability	<u>7,873,383</u>	<u>3,321,714</u>	<u>-</u>	<u>11,195,097</u>	<u>-</u>
	<u>\$ 444,862,553</u>	<u>\$ 34,631,140</u>	<u>\$ (177,684,749)</u>	<u>\$ 301,808,944</u>	<u>\$ 11,082,210</u>

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11. SUBORDINATED PROJECT NOTES PAYABLE

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

	<u>2021</u>	<u>2020</u>
Subordinated project note payable - issued June 17, 2016, interest at 0.38% per annum, due June 9, 2022	\$ 810,000	\$ 810,000
Subordinated project note payable - issued June 29, 2017 interest at 0.38% per annum, due June 9, 2022	3,900,000	3,900,000
Subordinated project note payable - issued August 26, 2020 interest at 0.38% per annum, due June 9, 2022	<u>900,000</u>	<u>900,000</u>
	<u>\$ 5,610,000</u>	<u>\$ 5,610,000</u>

The \$810,000 project note proceeds were utilized to fund a prepayment on an operating lease agreement. The \$3,900,000 project note proceeds were utilized for land acquisition. The \$900,000 project note proceeds were utilized for acquiring and installing safety fencing and barriers at certain parking deck facilities.

Aggregate principal maturities and interest on subordinated project notes payable are as follows as of December 31, 2021:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2022	\$ <u>5,610,000</u>	\$ <u>21,318</u>	\$ <u>5,631,318</u>

12. BONDS PAYABLE

Bonds payable consists of the following at December 31:

	<u>2021</u>	<u>2020</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).	\$ 3,335,000	\$ 3,740,000
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, 2034 (A).	18,855,000	20,640,000

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	<u>2021</u>	<u>2020</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).	\$ 18,390,000	\$ 19,240,000
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, 2039 (A).	115,550,000	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).	27,590,000	27,655,000
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).	21,545,000	21,985,000
Series 2020A guaranteed parking revenue refunding bonds - payments of interest only due annually on September 1 at a rate of 5.00%; payment of principal due at maturity on September 1, 2026 (A).	4,920,000	4,920,000
Series 2020B guaranteed parking revenue refunding bonds - payments of interest only due annually on September 1 at a rate of 5.00%; payments of principal due annually on September 1 beginning September 1, 2021 through September 1, 2025 (A).	<u>16,750,000</u>	<u>17,590,000</u>
	226,935,000	231,460,000
Less: Current portion	(7,440,000)	(4,525,000)
Plus: Unamortized original issue premium	<u>24,598,385</u>	<u>26,594,086</u>
Bonds payable, net of current portion	<u>\$ 244,093,385</u>	<u>\$ 253,529,086</u>

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, 2021 and 2020.

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Aggregate principal maturities and interest on bonds payable are as follows as of December 31, 2021:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2022	\$ 7,440,000	\$ 10,191,794	\$ 17,631,794
2023	7,805,000	9,826,994	17,631,994
2024	8,190,000	9,442,694	17,632,694
2025	8,025,000	9,039,694	17,064,694
2026	8,570,000	8,644,744	17,214,744
2027-2031	51,490,000	36,373,310	87,863,310
2032-2036	64,180,000	24,230,831	88,410,831
2037-2041	63,335,000	8,947,550	72,282,550
2042-2046	6,420,000	1,364,750	7,784,750
2047	1,480,000	74,000	1,554,000
	<u>\$ 226,935,000</u>	<u>\$ 118,136,361</u>	<u>\$ 345,071,361</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 \$239,000,000 and \$244,000,000 at December 31, 2021 and 2020, respectively.

Original issue premiums consisted of the following at December 31, 2021 and 2020:

	<u>December 31, 2021</u>				
	<u>Premium</u>	<u>Life</u>	<u>Accumulated Amortization</u>	<u>Unamortized Premium</u>	<u>Amortization</u>
Series 2010 parking revenue refunding bonds	\$ 92,663	19	\$ 55,680	\$ 36,983	\$ 4,877
Series 2012 refinancing bond	4,180,229	19	2,090,114	2,090,115	220,012
Series 2016 refunding bond	1,699,281	20	453,142	1,246,139	84,964
Series 2016A refunding bond	19,225,972	23	4,458,191	14,767,781	835,912
Series 2016B refunding bond	1,657,966	23	384,455	1,273,511	72,085
Series 2017 parking revenue bonds	2,770,216	30	376,974	2,393,242	92,341
Series 2020A refunding bond	1,148,124	6	231,219	916,905	191,354
Series 2020B refunding bond	2,470,814	5	597,105	1,873,709	494,156
	<u>\$ 33,245,265</u>		<u>\$ 8,646,880</u>	<u>\$ 24,598,385</u>	<u>\$ 1,995,701</u>

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	December 31, 2020				
	<u>Premium</u>	<u>Life</u>	<u>Accumulated Amortization</u>	<u>Unamortized Premium</u>	<u>Amortization</u>
Series 2010 BAB & RZEDB guaranteed parking revenue bonds	\$ -	30	\$ -	\$ -	\$ 453,690
Series 2010 E tax exempt parking revenue bonds	-	10	-	-	98,665
Series 2010 parking revenue refunding bonds	92,663	19	50,803	41,860	4,877
Series 2012 refinancing bond	4,180,229	19	1,870,102	2,310,127	220,012
Series 2016 refunding bond	1,699,281	20	368,178	1,331,103	84,964
Series 2016A refunding bond	19,225,972	23	3,622,279	15,603,693	835,912
Series 2016B refunding bond	1,657,966	23	312,370	1,345,596	72,085
Series 2017 parking revenue bonds	2,770,216	30	284,633	2,485,583	92,341
Series 2020A refunding bond	1,148,124	6	39,865	1,108,259	39,865
Series 2020B refunding bond	2,470,814	5	102,949	2,367,865	102,949
	<u>\$ 33,245,265</u>		<u>\$ 6,651,179</u>	<u>\$ 26,594,086</u>	<u>\$ 2,005,360</u>

13. NOTES PAYABLE

On September 5, 2019, the Authority issued four Qualified Low Income Community Investment (“QLICI”) Loan A notes to finance the construction of the New Brunswick Performing Arts Center. The notes are secured by mortgages on the property.

Notes payable consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
QLICI Loan A note payable - issued September 5, 2019, payable to RBC Community Development Sub 18, LLC, interest at 1.00% per annum, due December 1, 2051	\$ 2,706,000	\$ 2,706,000
QLICI Loan A note payable - issued September 5, 2019 payable to BACDE NMTC Fund 17, LLC, interest at 1.00% per annum, due December 1, 2051	4,543,000	4,543,000
QLICI Loan A note payable - issued September 5, 2019 payable to COCRF SUBCDE 70, LLC, interest at 1.00% per annum, due December 1, 2051	1,947,000	1,947,000
QLICI Loan A note payable - issued September 5, 2019 payable to NJCC CDE Livingston, LLC, interest at 1.00% per annum, due December 1, 2051	<u>6,890,000</u>	<u>6,890,000</u>
	<u>\$ 16,086,000</u>	<u>\$ 16,086,000</u>

Included in accounts payable and accrued expenses as of December 31, 2021 and 2020 is accrued interest of \$45,130.

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Aggregate principal maturities and interest on notes payable are as follows as of December 31, 2021:

<u>Year</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 160,860	\$ -	\$ 160,860
2023	160,860	-	160,860
2024	160,860	-	160,860
2025	160,860	-	160,860
2026	680,563	521,655	158,908
2026-2030	3,402,813	2,687,875	714,938
2031-2035	3,402,813	2,825,509	577,304
2036-2040	3,402,813	2,970,191	432,622
2041-2045	3,402,813	3,122,281	280,532
2046-2050	3,402,813	3,282,159	120,654
2051	680,562	676,330	4,232
	<u>\$ 19,018,630</u>	<u>\$ 16,086,000</u>	<u>\$ 2,932,630</u>

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (“OPEB”)

The Authority participates and contributes to the State Health Benefits Local Government Retired Employees Plan (the “Plan”), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (“OPEB”) plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the state of New Jersey (the “State”), Division of Pension and Benefits’ (the Division) annual financial statements, which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credits in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation’s agreement.

Contributions

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 8, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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The funding policy for the OPEB plan is pay-as-you-go, where the Authority was billed monthly by the Plan. The Plan received employer and employee contributions as follows:

	<u>2021</u>	<u>2020</u>
Employer contributions	\$ 101,343	\$ 77,800
Employee contributions	\$ -	\$ -
Salary basis for contributions	\$ 1,922,640	\$ 2,020,316
Percent of base wages	5.27%	3.85%

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
The net OPEB liability was measured as of June 30, 2021 and 2020, and the total OPEB liability to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and 2019, which was rolled forward to June 30, 2021 and 2020.

The Authority's proportion of the net OPEB liability is based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2020 through June 30, 2021. At December 31, 2021 and 2020, the Authority's proportionate share and net OPEB liability was as follows:

	<u>2021</u>	<u>2020</u>
Authority net OPEB liability	\$ 7,674,027	\$ 11,195,097
Authority's proportion	0.0426340%	0.0623800%

For the years ended December 31, 2021 and 2020, the Authority recognized an OPEB benefit of \$964,206 and \$450,838, respectively. At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,103,932	\$ 1,356,474	\$ 1,674,434	\$ 2,489,617
Differences between expected and actual experience	172,196	1,605,520	294,870	2,084,736
Net difference between projected and actual earnings on pension plan investments	3,669	-	7,110	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>707,960</u>	<u>5,415,038</u>	<u>828,566</u>	<u>2,063,038</u>
	1,987,757	8,377,032	2,804,980	6,637,391
Authority contributions subsequent to the measurement date	<u>53,129</u>	<u>-</u>	<u>48,213</u>	<u>-</u>
	<u>\$ 2,040,886</u>	<u>\$ 8,377,032</u>	<u>\$ 2,853,193</u>	<u>\$ 6,637,391</u>

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\$53,129 and \$48,213 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the years ended December 31, 2022 and 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2021 will be recognized in OPEB expense as follows:

<u>Years Ended June 30:</u>	<u>Authority Share</u>
2022	\$ (1,740,362)
2023	(1,742,651)
2024	(1,744,743)
2025	(1,245,926)
2026	(209,449)
Thereafter	<u>293,856</u>
	<u>\$ (6,389,275)</u>

Actuarial Assumptions

The total OPEB liability for the June 30, 2021 and 2020 measurement date was determined by an actuarial valuation as of July 1, 2020 and 2019, which was rolled forward to June 30, 2021 and 2020.

This actuarial valuation used the following actuarial assumptions applied to all periods in the measurement:

	<u>2021</u>	<u>2020</u>
Inflation rate	2.50%	2.50%
Salary increases through 2026*	2.00 - 6.00%	2.00 - 6.00%
Thereafter	3.00-7.00%	3.00-7.00%

*Salary increases are based on years of service within the respective plan.

For June 30, 2021, the following assumptions were used:

Pre-retirement healthy mortality rates were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale. Post-retirement health mortality rates were based on the PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using MP-2021 scale. Disabled retiree mortality was based on the PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale.

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For June 30, 2020, the following assumptions were used:

Pre-retirement healthy mortality rates were based on the PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2020 scale. Post-retirement health mortality rates were based on the PUB-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using MP-2020 scale. Disabled retiree mortality was based on the PUB-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using the MP-2020 scale.

Certain actuarial assumptions used in the July 1, 2020 and 2019 valuations were based on the results of the pension plans’ experience studies for which the members are eligible for coverage under this Plan - the Public Employee’s Retirement System (“PERS”). The PERS experience study was prepared for the period July 1, 2014 to June 30, 2018.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2021 and 2020 was 2.16% and 2.21%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/As or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, Medicare Advantage trend rates vary between 0.17% and 15.23%, trending to 4.5% for 2032 and all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the Net OPEB liability measured as of December 31, 2021 and 2020, calculated using the discount rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	2021		
	At 1% decrease	At current discount rate	At 1% increase
	(1.16%)	(2.16%)	(3.16%)
Authority’s proportionate share of the net OPEB liability	\$ 9,030,858	\$ 7,674,027	\$ 6,598,709
	2020		
	At 1% decrease	At current discount rate	At 1% increase
	(1.21%)	(2.21%)	(3.21%)
Authority’s proportionate share of the net OPEB liability	\$ 13,234,970	\$ 11,195,097	\$ 9,580,352

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Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the Authority's proportionate share of the Net OPEB liability measured as of December 31, 2021 and 2020, calculated using the healthcare cost trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	2021		
	<u>At 1% decrease</u>	<u>At current healthcare cost trend rate</u>	<u>At 1% increase</u>
Authority's proportionate share of the net OPEB liability	\$ 6,402,723	\$ 7,674,027	\$ 9,332,921

	2020		
	<u>At 1% decrease</u>	<u>At current healthcare cost trend rate</u>	<u>At 1% increase</u>
Authority's proportionate share of the net OPEB liability	\$ 9,263,954	\$ 11,195,097	\$ 13,723,955

OPEB Plan Fiduciary Net Position

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

15. 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 Annual Comprehensive Financial Report ("ACFR") 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.

The following represents the membership tiers for PERS:

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

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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, 2021 and 2020, the PERS received employer and employee contributions as follows:

	<u>2021</u>	<u>2020</u>
Employer contributions	\$ 359,620	\$ 381,161
Employee contributions	\$ 144,198	\$ 153,995
Basis for contributions	\$ 1,922,640	\$ 2,020,316
Percent of base wages	7.50%	7.62%

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.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 and 2019. In accordance with GASB 68, the measurement date shall not be earlier than 1 year from the statement of net deficit date, therefore, the Authority has elected to utilize June 30, 2021 and 2020 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, 2021 and 2020. At December 31, 2021 and 2020, the Authority's proportionate share and net pension liability was as follows:

	<u>2021</u>	<u>2020</u>
Authority net pension liability	\$ 3,495,048	\$ 5,475,717
Authority's proportion	0.0291916%	0.0333162%

Pension expense, net is comprised of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Proportionate share of allocable plan pension expense	\$ (477,281)	\$ 130,838
Net amortization of deferral amounts from changes in proportion	<u>(597,756)</u>	<u>(516,994)</u>
	<u>\$ (1,075,037)</u>	<u>\$ (386,156)</u>

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS as follows:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 18,202	\$ 1,244,260	\$ 177,638	\$ 2,292,735
Differences between expected and actual experience	55,121	25,020	99,704	19,365
Net difference between projected and actual earnings on pension plan investments	-	920,688	187,164	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	1,216,954	-	925,885
	<u>\$ 73,323</u>	<u>\$ 3,406,922</u>	<u>\$ 464,506</u>	<u>\$ 3,237,985</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>Authority Share</u>
2022	\$ (1,298,825)
2023	(927,358)
2024	(632,300)
2025	(475,302)
2026	186
Thereafter	-
	<u>\$ (3,333,599)</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 and 2020 measurement dates was determined by an actuarial valuation as of July 1, 2021 and 2020, respectively, which was rolled forward to June 30, 2021 and 2020, respectively.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

This actuarial valuation used the following actuarial assumptions:

	<u>2021</u>	<u>2020</u>
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases through 2026	2.00 - 6.00% based on years of service	2.00 - 6.00% based on years of service
Thereafter	3.00-7.00% based on years of service	3.00-7.00% based on years of service
Investment rate of return	7.00%	7.00%

For June 30, 2021 and 2020, the following assumptions were used:

Preretirement 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.

Postretirement 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-2021 and Scale MP-2020, respectively.

The actuarial assumptions used in the July 1, 2020 and 2019 valuations were based on the results of an actuarial experience study for the period from July 1, 2014 to June 30, 2018.

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, 2021 and 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
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Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
US Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and 2020. 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 100% and 78% of the actuarially determined contributions for the State employer for the years ended June 30, 2021 and 2020, respectively, and 100% of actuarially determined contributions for the local employers for the years ended June 30, 2021 and 2020.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
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Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability measured as of December 31, 2021 and 2020, 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:

	2021		
	At Current		
	At 1% Decrease	Discount Rate	At 1% Increase
	(6.00%)	(7.00%)	(8.00%)
Authority's proportionate share of the net pension liability	\$ 4,759,547	\$ 3,495,048	\$ 2,421,942

	2020		
	At Current		
	At 1% Decrease	Discount Rate	At 1% Increase
	(6.00%)	(7.00%)	(8.00%)
Authority's proportionate share of the net pension liability	\$ 6,893,014	\$ 5,475,717	\$ 4,273,102

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.

16. 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.

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.

Parking Authority of the City of New Brunswick
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- 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 2021 and 2020, 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.

17. 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 in semiannual installments within the calendar year. For each of the years ended December 31, 2021 and 2020, the Authority’s payment in lieu of taxes was \$4,975,000. As of December 31, 2021 and 2020, the Authority had an outstanding liability of \$3,980,000 and \$4,975,000, respectively, for the unpaid portion of the PILOT. The Authority and the City agreed to a five-year payment schedule for the PILOT requiring 48 monthly payments of principal and interest of \$87,483 through December 2025.

Aggregate principal maturities and interest on the accrued PILOT are as follows as of December 31, 2021:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2022	\$ 995,000	\$ 54,800	\$ 1,049,800
2023	995,000	54,800	1,049,800
2024	995,000	54,800	1,049,800
2025	<u>995,000</u>	<u>54,800</u>	<u>1,049,800</u>
	<u>\$ 3,980,000</u>	<u>\$ 219,200</u>	<u>\$ 4,199,200</u>

18. COMPENSATED ABSENCES

The Authority maintains up-to-date records of each employee’s status relating to earned and unused sick pay. As of the years ended December 31, 2021 and 2020, the Authority has accrued \$44,959 and \$57,967, respectively, for accumulated sick 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.

19. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2021, the Authority’s expenditures exceeded the legally enacted budget. Total operating expenses were over budget by approximately \$596,000, due to an unanticipated assessment from the Middlesex County Municipal Joint Insurance Fund totaling approximately \$603,000 related to a contribution deficit for the period 2001 – 2018.

For the year ended December 31, 2020, the Authority’s expenditures were less than the legally enacted budget.

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

20. NET DEFICIT

At December 31, 2021 and 2020, the Authority had an unrestricted net deficit of \$14,441,267 and \$12,446,140, respectively. The reason for the deficit is the recognition of the Authority's proportionate share of the net pension and OPEB liabilities and related deferred inflows and outflows of resources for financial reporting purposes. The recognition of the Authority's proportionate share of the net pension and OPEB liabilities (net of deferred inflows and outflows of resources) resulted in a reduction of the Authority's net position of \$20,838,820 and \$23,228,491 as of December 31, 2021 and 2020, respectively. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled pension and OPEB payments.

21. 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.

22. COMMITMENTS AND CONTINGENCIES

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.

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 \$13,000,000 through December 31, 2021.

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 \$105,186 and \$113,434 for the years ended December 31, 2021 and 2020, respectively. Rental expense for the years ended December 31, 2021 and 2020 amounted to \$375,810 and \$444,665, respectively.

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

2022	\$ 330,189
2023	340,095
2024	350,298
2025	<u>177,737</u>
	<u>\$ 1,198,319</u>

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

Lessor

The Authority leases office space to various tenants in New Brunswick, New Jersey under various non-cancellable lease agreements which expire between October 2021 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 deficit as deferred rent. Rental income from these leases was \$1,860,224 and \$2,396,124 for the years ending December 31, 2021 and 2020, respectively.

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

2022	\$ 2,194,894
2023	2,030,098
2024	1,961,113
2025	1,905,281
2026	1,765,568
Thereafter	<u>3,396,371</u>
	<u>\$ 13,253,325</u>

Concentrations of Labor Subject to Collective Bargaining Agreement

At December 31, 2021, the Authority had a total of approximately 37 employees of which, approximately 28 are hourly workers and 9 are salaried. Approximately 11% (4 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.

Contingent Gain

During 2021, the Authority entered into a sale agreement with a third party to sell a portion of its property. The Authority was provided a \$6m deposit and due diligence has been entered. The sale is contingent upon certain requirements being met. As of December 31, 2021, the requirements were not met, therefore, the deposit of \$6m was recorded as a liability in the financial statements and will be recognized upon completion of the sale.

23. RELATED PARTY TRANSACTIONS

The City Council 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, 2021 and 2020 (see Note 16).

Parking Authority of the City of New Brunswick
Notes to Financial Statements
December 31, 2021 and 2020

24. 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, 2021 and 2020 do not differ materially from the aggregate carrying values of its financial instruments recorded in the statements of net deficit due to the relatively short maturity of these instruments, with the exception of the bonds payable (see Note 11).

25. SUBSEQUENT EVENTS

The Authority has evaluated events occurring after the statement of net deficit date through the date of April 21, 2023, the date the financial statements were available to be released. Based upon this evaluation, the Authority has determined no events occurred requiring disclosure in or adjustment to the financial statements.

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, 2021

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Authority's proportionate share of the net pension liability (asset) (PERS Local Group)	0.029192%	0.033316%	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)	\$ 3,495,048	\$ 5,475,717	\$ 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	\$ 1,922,640	\$ 2,020,316	\$ 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	181.78%	271.03%	249.36%	316.78%	355.19%	457.68%	364.78%	292.67%	276.53%	

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Notes to Schedule

Benefit changes

None

Changes of assumptions

The discount rate changed as follows as of June 30:

	2021	2020	2019	2018	2017	2016	2015	2014	2013
	7.00%	7.00%	6.28%	5.66%	5.00%	3.98%	4.90%	5.39%	

**Parking Authority of the City of New Brunswick
Schedule of the Authority's Contributions - PERS
Year Ended December 31, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contributions										
Regular pension and non-contributory group insurance contributions	\$ 345,512	\$ 367,329	\$ 335,284	\$ 368,785	\$ 363,650	\$ 375,406	\$ 396,266	\$ 393,344	\$ 398,389	\$ 329,913
Chapter 19 P.L. 2009 Contribution	14,108	13,832	13,796	13,685	13,609	13,438	13,292	13,210	12,913	12,538
Contributions in relation to the contractually required contribution	<u>(359,620)</u>	<u>(381,161)</u>	<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>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 1,922,640	\$ 2,020,316	\$ 2,474,833	\$ 2,305,302	\$ 2,501,009	\$ 2,694,425	\$ 2,836,389	\$ 3,052,329	\$ 3,217,727	\$ 3,202,101
Contributions as a percentage of covered-employee payroll	18.70%	18.87%	14.11%	16.59%	15.08%	14.43%	14.44%	13.32%	12.78%	10.69%

See Independent Auditor's Report.

**Parking Authority of the City of New Brunswick
Schedule of the Authority's Proportionate Share of the Net OPEB Liability - SHBP
and Notes to Required Supplementary Information
Year Ended December 31, 2021***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's proportion (percentage) of the the collective net OPEB liability	0.042634%	0.062380%	0.058123%	0.059867%
Authority's proportionate share (amount) of the collective net OPEB liability	\$ 7,674,027	\$ 11,195,097	\$ 7,873,383	\$ 9,379,137
Authority's covered-employee payroll	\$ 1,922,640	\$ 2,020,316	\$ 2,474,833	\$ 2,305,302
Authority's proportionate share (amount) of the collective net OPEB liability as a percentage of its covered-employee payroll	399.14%	554.13%	318.14%	406.85%
Plan fiduciary net position as a percentage of the total collective OPEB liability	0.28%	0.91%	1.98%	1.97%

*The amounts presented for each year were determined as of the fiscal year ended June 30 that occurred within the calendar year.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Notes to Schedule

Benefit Changes

None

Changes of Assumptions

The discount rate changed as follows:	2.16%	2.21%	3.50%	3.87
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**Parking Authority of the City of New Brunswick
Schedule of the Authority's Contributions - SHBP
Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's required contribution	\$ 101,343	\$ 77,800	\$ 45,688	\$ 24,393
Contributions in relation to the contractually required contribution	<u>(101,343)</u>	<u>(77,800)</u>	<u>(45,688)</u>	<u>(24,393)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 1,922,640	\$ 2,020,316	\$ 2,474,833	\$ 2,305,302
Contributions as a percentage of covered-employee payroll	5.27%	3.85%	1.85%	1.06%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**Parking Authority of the City of New Brunswick
Notes to Required Supplementary Information
December 31, 2021 and 2020**

1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2021 CONTRIBUTION RATE

PERS

Valuation Date	July 1, 2020
Actuarial Cost Method	Projected Unit Credit Cost Method
Remaining Amortization Period	30-year closed period
Asset Valuation Method	The actuarial value of assets is adjusted to reflect actual contributions, benefit payments and administrative expenses, and an assumed rate of return on the previous year's assets and current year's cash flow at the prior year's actuarial valuation interest rate, with a further adjustment to reflect 20% of the difference between the resulting value and the actual market value of Plan assets.
Wage Growth	3.25%
Price Inflation	2.75%
Salary Increases	2% to 7%, varying by years of service and time period
Investment Rate of Return	7%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	<u>Pre-Retirement Mortality:</u> The Pub-2010 General Below-Median Income Employee mortality table [PubG-2010(B) Employee] as published by the Society of Actuaries 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. For purposes of calculating projected cash flows used to determine the GASB discount rate, mortality improvement is based on SOA's Scale MP-2018. Upon direction from the DPB, for purposes of calculating the Total Pension Liability, mortality improvement is based on SOA's Scale MP-2021.

All pre-retirement deaths are assumed to be ordinary deaths.

Parking Authority of the City of New Brunswick
Notes to Required Supplementary Information
December 31, 2021 and 2020

Mortality (Continued) Healthy Retirees and Beneficiaries (Healthy Annuitants): The Pub-2010 General Below-Median Income Healthy Retiree mortality table [PubG-2010(B) Healthy Retiree] as published by the Society of Actuaries 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. For purposes of calculating projected cash flows used to determine the GASB discount rate, mortality improvement is based on SOA's Scale MP-2018. Upon direction from the DPB, for purposes of calculating the Total Pension Liability, mortality improvement is based on SOA's Scale MP-2021.

Disabled Retirees (Disabled Annuitants): The Pub-2010 Non-Safety Disabled Retiree mortality table [PubNS-2010 Disabled Retiree] as published by the Society of Actuaries 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. For purposes of calculating projected cash flows used to determine the GASB discount rate, mortality improvement is based on SOA's Scale MP-2018. Upon direction from the DPB, for purposes of calculating the Total Pension Liability, mortality improvement is based on SOA's Scale MP-2021.

SHBP

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal with Level % of Salary
Remaining Amortization Period	6.82
Asset Valuation Method	Market Value of Assets
Salary Increases	2% to 7%, varying by years of service and time period
Investment Rate of Return	2.16%
Retirement Age	60
Mortality	PUB-2010 "General" and "Safety" classification headcount-weighted mortality table with fully generation mortality improvement projections from the central year using Scale MP-2021

**Parking Authority of the City of New Brunswick
Notes to Required Supplementary Information
December 31, 2021 and 2020**

2. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2020 CONTRIBUTION RATE

PERS

Valuation Date	July 1, 2020
Actuarial Cost Method	Projected Unit Credit Cost Method
Remaining Amortization Period	30-year closed period
Asset Valuation Method	The actuarial value of assets is adjusted to reflect actual contributions, benefit payments and administrative expenses, and an assumed rate of return on the previous year's assets and current year's cash flow at the prior year's actuarial valuation interest rate, with a further adjustment to reflect 20% of the difference between the resulting value and the actual market value of Plan assets.
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Mortality	<u>Pre-Retirement Mortality:</u> The Pub-2010 General Below-Median Income Employee mortality table [PubG-2010(B) Employee] as published by the Society of Actuaries 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. For purposes of calculating projected cash flows used to determine the GASB discount rate, mortality improvement is based on SOA's Scale MP-2018. Upon direction from the DPB, for purposes of calculating the Total Pension Liability, mortality improvement is based on SOA's Scale MP-2020.

All pre-retirement deaths are assumed to be ordinary deaths.

**Parking Authority of the City of New Brunswick
Notes to Required Supplementary Information
December 31, 2021 and 2020**

Mortality (Continued) Healthy Retirees and Beneficiaries (Healthy Annuitants): The Pub-2010 General Below-Median Income Healthy Retiree mortality table [PubG-2010(B) Healthy Retiree] as published by the Society of Actuaries 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. For purposes of calculating projected cash flows used to determine the GASB discount rate, mortality improvement is based on SOA's Scale MP-2018. Upon direction from the DPB, for purposes of calculating the Total Pension Liability, mortality improvement is based on SOA's Scale MP-2020.

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SHBP

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Actuarial Cost Method	Entry Age Normal with Level % of Salary
Remaining Amortization Period	6.82
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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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue			
Operating revenues			
Parking fees	\$ 21,899,310	\$ 20,851,401	\$ (1,047,909)
Other operating revenues	4,248,613	2,807,268	(1,441,345)
Total operating revenues	<u>26,147,923</u>	<u>23,658,669</u>	<u>(2,489,254)</u>
Non-operating revenues			
Grants and entitlements	1,000,000	1,086,906	86,906
Interest on investments and deposits	40,000	56,461	16,461
Total non-operating revenues	<u>1,040,000</u>	<u>1,143,367</u>	<u>103,367</u>
Total revenues	<u>27,187,923</u>	<u>24,802,036</u>	<u>(2,385,887)</u>
Appropriations			
Administration			
Salaries and wages	597,626	670,836	(73,210)
Employee benefits	346,582	386,650	(40,068)
Other expenses	794,384	1,455,505	(661,121)
Cost of providing service			
Salaries and wages	1,239,861	1,336,388	(96,527)
Employee benefits	888,140	880,231	7,909
Other expenses	3,395,449	3,117,247	278,202
Debt service			
Interest payments on debt	10,343,397	10,354,658	(11,261)
Principal payments on bonds	4,525,000	4,525,000	-
Other reserves			
PILOT	4,975,000	4,975,000	-
Total expenses	<u>27,105,439</u>	<u>27,701,515</u>	<u>(596,076)</u>
Surplus (deficit)	<u>\$ 82,484</u>	<u>\$ (2,899,479)</u>	<u>\$ (2,981,963)</u>

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

Pension expense, net - GASB 68 adjustment	\$ 1,420,549
OPEB expense, net - GASB 75 adjustment	964,206
Amortization of original issue premium	1,995,701
Depreciation expense	(6,494,865)
Loss on sale of property	(1,318,356)
Amortization of bond insurance	(45,080)
Principal paid on bonds	4,525,000
Interest revenue on promissory note receivable	160,860
Interest expense on promissory note payable	(266,600)
Bond issuance costs	(37,063)
Total reconciling items	<u>904,352</u>
Changes in net position	<u>\$ (1,995,127)</u>

**Parking Authority of the City of New Brunswick
 Schedule of Expenditures of State Financial Assistance
 Year Ended December 31, 2021**

<u>State Grantor/Pass-Through Grantor/Program</u>	<u>CFDA</u>	<u>State Grant Award Number</u>	<u>Grant Period</u>	<u>2021 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	\$ 13,000,000
*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>79,460</u>	<u>627,135</u>
Total state financial assistance				<u>\$ 1,079,460</u>	<u>\$ 13,627,135</u>

Parking Authority of the City of New Brunswick
Notes to Schedule of Expenditures of State Financial Assistance
Year Ended December 31, 2021

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 deficit as capital assets or as expenses on the statements of revenues, expenses, and changes in net deficit. 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, 2021 and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 21, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

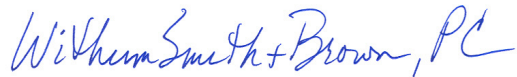
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

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

April 21, 2023

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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

Opinion on Major State Program

We have audited Parking Authority of the City of New Brunswick’s (the “Authority”) compliance with the compliance requirements described in the *New Jersey State Compliance Supplement* that could have a direct and material effect on the Authority’s major state program for the year ended December 31, 2021. The Authority’s major state program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2021.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”); and the audit requirements of State of New Jersey, Department of the Treasury, Office of Management and Budget Policy Circular 15-08-OMB (“NJ Circular 15-08”). Our responsibilities under those standards and NJ Circular 15-08 are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority’s state program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and NJ Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and NJ Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

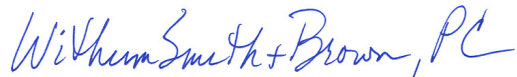
Report on Internal Control Over Compliance

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

April 21, 2023

**Parking Authority of the City of New Brunswick
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2021**

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? No

**Parking Authority of the City of New Brunswick
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021**

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

Finding 2020-001

Condition: In June 2015, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement was effective for fiscal years beginning after June 15, 2017. The Authority did not implement this standard in the year of required implementation.

Current Status: An internal control was instituted whereby the Authority will be alert to new accounting guidance and the executive director will review the pronouncements. The finding, therefore, was remedied.

**Parking Authority of the City of New Brunswick
Roster of Officials
Year Ended December 31, 2021**

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, 2022
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
<u>Other Officials</u>			
Rainone Coughlin Minchello LLC		Counsel	
Mitchell Karon		Executive Director	June 30, 2021
Matthew Kennedy		Executive Director	December 31, 2022
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.