# PARKING AUTHORITY OF THE CITY OF UNION CITY
# COUNTY OF HUDSON, STATE OF NEW JERSEY
## (A Component Unit of the City of Union City)

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

## AUDIT WITH SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITOR'S REPORT

## DECEMBER 31, 2020 AND 2019

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**

**DECEMBER 31, 2020 AND 2019**

**TABLE OF CONTENTS**


| **INTRODUCTORY SECTION** | **PAGE** |
|---|---|
| Letter of Transmittal | 1-3 |
| Roster of Officials | 4 |
| **FINANCIAL SECTION** | |
| Independent Auditor's Report | 5-7 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* | 8-9 |
| Management's Discussion and Analysis | 10-14 |
| Financial Statements | |
| Comparative Statement of Net Position | 15 |
| Comparative Statement of Revenues, Expenses and Change in Net Position | 16 |
| Comparative Statement of Cash Flows | 17 |
| Notes to Financial Statements | 18-33 |
| **REQUIRED SUPPLEMENTARY INFORMATION** | |
| Schedule of Authority's Proportionate Net Share of Pension Liability | 34 |
| Schedule of Authority's Pension Contributions | 35 |
| Schedule of Revenues and Expenses Compared to Budget | 36 |
| **OTHER SUPPLEMENTARY INFORMATION** | |
| Schedule of Cash Receipts, Cash Disbursement and Changes in Unrestricted Cash | 37 |
| Schedule of Cost of Real Property | 38 |
| Schedule of Operating Revenues by Location | 39 |
| Schedule of Revenue, Expenses and Changes in Net Position - Restricted and Unrestricted | 40 |
| Schedule of Prior Year Comments and Recommendations | 41 |
| Findings and Recommendations | 42 |

# *Union City Parking Authority*

506-518 38th Street (Rooftop)
Union City, New Jersey 07087
Telephone: (201) 348-5836 • Fax: (201) 866-8523

Lt. Archer Cuellar
A/Executive Director


December 3, 2021

The Honorable Commissioners
The Parking Authority of the City of Union City
Union City, New Jersey

State law requires that all local authorities publish a complete set of comparative financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Parking Authority of the City of Union City (the "Authority") for the years ended December 31, 2020 and 2019.

This report consists of management's representations concerning the finances of the Authority. We believe it is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Authority as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the Authority's financial affairs have been included. Responsibility for completeness and clarity of the report, including disclosures, rests with the management of the Authority and ultimately with the Board of Commissioners. By utilizing the CAFR format, it is the Authority's intent to facilitate an understanding by the non-financially oriented system user as well as provide all necessary information for the most sophisticated financial observer.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

## Organization of Report

The CAFR is presented in several sections: Introductory, Financial, Supplementary and Statistical. The Introductory Section includes this transmittal letter and a list of principal officials. The Financial Section includes the independent auditor's report, management's discussion and analysis, and the financial statements, including the notes to the financial statements. The Supplementary Section includes supplementary schedules and information required by the Division of Local Government Services. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis.

## Government Structure and Services

The Authority's governing body consists of seven members appointed by the Mayor of the City of Union City, with the advice and consent of the City Commissioners. Commissioners of the Authority are appointed for terms of five years.

The Authority provides parking in the form of a parking deck, parking lots and meters, as well as enforcement of parking regulations in Union City. The Authority receives $3 per ticket issued (the "surcharge") and collected by the Union City Municipal Courts. Additionally, the Authority retains all monies collected out of the city parking meters as well as various other less significant sources of revenue. None of the employees of the Authority are members of a union.

## Internal Accounting Controls

Management of the Authority is responsible for establishing and maintaining an adequate internal control structure. In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of position against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived. All internal control evaluations occur within the above framework. We believe the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

## Basis of Accounting

The Authority's accounting records are maintained on an accrual basis and in accordance with GAAP, as promulgated by the Governmental Accounting Standards Board. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

## Annual Budget

The annual budget serves as the foundation for the Authority's financial 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 approved by the State of New Jersey, Division of Local Government Services.

## Debt Administration

At December 31, 2020, the Authority has permanent debt payable of $262,300, which represents a Parking Revenue Bond, for the parking deck located between Kennedy Boulevard and Bergenline Avenue occupying the block between 38th and 39th Street.

## Cash Management

The Authority strives to keep abreast of current developments and procedures in cash management to insure efficient and profitable use of available cash resources. The investment policy of the Authority is guided in large part by New Jersey Statutes. Cash is deposited in institutions located in New Jersey which are protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. Funds not needed immediately are invested as certificates of deposit or other allowable investments.

## Risk Management

The Authority carries various forms of insurance, including, but not limited to, general liability, automotive, hazard, cyber security and theft.

## Pension Benefits

All Authority employees participate in the New Jersey Public Employees Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). The PERS is a defined benefit pension plan and is administered by the State of New Jersey Division of Pensions. The DCRP provides members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Participants are required to contribute a statutory amount to the PERS and DCRP.

## Annual Independent Audit

The Authority's financial statements have been audited by Garbarini & Co., P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the years ended December 31, 2020 and 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the years ended December 31, 2020 and 2019, is fairly presented in conformity with GAAP. The independent auditors' report is included in the financial section of this report.

## Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff and the Commissioners of the Authority. We would like to express our appreciation to all those who assisted and contributed to the preparation of this report.

Respectfully submitted,

Lt. Archer Cuellar
Acting Executive Director

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**

**ROSTER OF OFFICIALS**

**DECEMBER 31, 2020**

**Authority Members**

Tifphani White, Chairwoman

Benigno Rosario, Vice-chairman

Daisy Rivera, Secretary

Teresa Adams, Commissioner

Omar Chaquor, Commissioner

Ligia Marte, Commissioner

Elsa Leonard, Commissioner

GARBARINI & CO. P.C.
Certified Public Accountants

REGISTERED MUNICIPAL ACCOUNTANTS
LICENSED PUBLIC SCOOL ACCOUNTANTS

285 Division Ave & Route 17 S.
Carlstadt, NJ 07072
(201) 933-5566
www.garbarinicpa.com

# INDEPENDENT AUDITOR'S REPORT

The Honorable Commissioners of the
Parking Authority of the City of Union City
Union City, New Jersey

**Report on the Financial Statements**

We have audited the accompanying comparative financial statements which consist of net position of the Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, as of December 31, 2020 and 2019, and the related comparative statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's financial statements listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

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

**Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, the financial statements referred to above present fairly, in all material respects, the comparative statement of net position as of December 31, 2020 and 2019, the comparative statements of activities, cash flows, and the related notes to the financial statements for the period then ended, in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and pension liability information on pages 21-26 and 34-35 to be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements that collectively comprise the Authority's financial statements. The introductory section and other supplementary schedules section are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534

Garbarini & Co. P.C. CPAs
Certified Public Accountants

Carlstadt, New Jersey
December 3, 2021

GARBARINI & CO. P.C.
Certified Public Accountants

REGISTERED MUNICIPAL ACCOUNTANTS
LICENSED PUBLIC SCOOL ACCOUNTANTS

285 Division Ave & Route 17 S.
Carlstadt, NJ 07072
(201) 933-5566
www.garbarinicpa.com

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

## INDEPENDENT AUDITOR'S REPORT

The Honorable Commissioners of the
Parking Authority of the City of Union City
Union City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements of the Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, which comprise the comparative statement of net position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2021.

### Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division and which are described in the accompanying schedule of findings and questioned costs as item number 20-01.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results 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* and audit requirements as prescribed by the Division in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paul W. Garbarini, CPA
Registered Municipal Accountant
No. 534

Garbarini & Co. P.C. CPAs
Certified Public Accountants

Carlstadt, New Jersey
December 3, 2021

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**DECEMBER 31, 2020**

Management of the Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, presents with its financial statements this discussion and analysis of the Authority's financial performance during the year ended December 31, 2019. Please read it in conjunction with the Authority's financial statements and accompanying notes as well as the transmittal letter at the front of this report.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis for Local Governments.*

## Discussion of Financial Statements Included in the Annual Audit

The Authority is a component unit of the City and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority, using accounting methods similar to those used by private sector companies. The financial statements immediately follow this discussion and analysis by management and are designed to highlight the Authority's net position and changes to those assets resulting from Authority operations.

### The Basic Financial Statements

The Statement of Net Position provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities), with the difference between the two reported as net position.

The Statement of Revenues, Expenses and Changes in Net Position shows how the Authority's net position changed during the year and accounts for all of the current year's revenues and expenses, measures the success of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, non-capital financing (if applicable), and capital related financing and investing activities.

### Notes to Basic Financial Statements

The notes provide additional information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies; details of cash and investments; employee benefits; long-term debt and lease transactions of the Authority; and any other events or developing situations that could materially affect the Authority's financial position.

## Financial Highlights

The following data highlights the changes in the Authority's finances for the years ended December 31, 2020, 2019, 2018 (changes in operating revenues/expenses are not presented):

| Increase/(Decrease) | December 31, 2020 | 2019 | 2018 |
|---|---|---|---|
| Total Net Position | $ (824,228) | $ 11,691 | $ 138,968 |
| Cash | (199,294) | (142,638) | 180,293 |
| Net capital assets | (217,598) | (225,474) | (179,364) |
| Total liabilities | 655,645 | (314,616) | (380,563) |

*Year ended December 31, 2020 compared to period ended December 31, 2019.* Net position and cash decreased as the use of the Authority's parking facilities decreased due to the COVID-19 pandemic. Total liabilities increased by $681,178 due to payables to the City of Union City and also changes in the pension liability reported under GASB No. 68 and the payment of debt.

*Year ended December 31, 2019 compared to period ended December 31, 2018.* Cash decreased as the Authority increased its' staff size in order to efficiently patrol the service area. Total liabilities decreased by $314,616 due to changes in the pension liability reported under GASB No. 68 and the payment of debt.

**Financial Analysis of the Authority**

The following table summarizes the assets deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of December 31, 2020, 2019, and 2018 (changes in operating revenues/expenses are not presented):

| | December 31, | | | 2020 | 2019 |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | to 2019 | to 2018 |
| Current assets | $ 26,691 | $ 252,879 | $ 431,916 | -89.4% | -41.5% |
| Capital assets | 2,037,626 | 2,255,224 | 2,480,698 | -9.6% | -9.1% |
| Total assets | 2,064,317 | 2,508,103 | 2,912,614 | -17.7% | -13.9% |
| Deferred Outflows of Resources | 131,420 | 391,347 | 983,464 | -66.4% | -60.2% |
| Current liabilities | 2,153,378 | 1,147,151 | 1,131,664 | 87.7% | 1.4% |
| Long-term liabilities | 1,057,674 | 1,408,256 | 1,738,359 | -24.9% | -19.0% |
| Total liabilities | 3,211,052 | 2,555,407 | 2,870,023 | 25.7% | -11.0% |
| Deferred Inflows of Resources | 588,788 | 1,123,919 | 1,817,622 | -47.6% | -38.2% |
| Net position: | | | | | |
| Invested in capital assets, net of related debt | 1,775,327 | 1,742,524 | 1,728,998 | 1.9% | 0.8% |
| Unrestricted | (3,379,431) | (2,522,400) | (2,520,565) | 34.0% | 0.1% |
| Total net position | $ (1,604,104) | $ (779,876) | $ (791,567) | 105.7% | -1.5% |

*Year ended December 31, 2020 compared to period ended December 31, 2019.* The decrease in current assets of 89.4% was a result of decreased parking revenues. Total liabilities increased by 25.7%, mainly due to an increase in payables to the City of Union City.

*Year ended December 31, 2019 compared to period ended December 31, 2018.* The decrease in current assets of 41.5% was a result of an increase in employees and cash paid for salaries and wages. Total liabilities decreased by 11.0%, mainly due to a decrease in the pension liability reported under GASB No. 68.

**Operating Activities**

The following table summarizes the revenues, expenses and changes in net position for the years ended December 31, 2020, 2019, and 2018.

| | 2020 | 2019 | 2018 | 2020 to 2019 | 2019 to 2018 |
|---|---|---|---|---|---|
| Parking revenues | $ 1,494,172 | $ 2,310,923 | $ 2,267,540 | -35% | 2% |
| Rental and miscellaneous revenues | 299,440 | 308,626 | 305,345 | -3% | 1% |
| Total operating revenues | 1,793,612 | 2,619,549 | 2,572,885 | -32% | 2% |
| Non-operating revenues | 1,050 | 2,979 | 35,065 | -65% | -92% |
| PERS amortization | 354,397 | 119,426 | 110,472 | 100% | 100% |
| Total revenues | 2,149,059 | 2,741,954 | 2,718,422 | -22% | 1% |
| Operating expenses | (2,711,790) | (2,470,838) | (2,312,999) | 10% | 7% |
| Non-operating expenses | (261,497) | (259,425) | (266,455) | 1% | -3% |
| Total expenses | (2,973,287) | (2,730,263) | (2,579,454) | 9% | 6% |
| (Decrease) increase in net assets | (824,228) | 11,691 | 138,968 | -7150% | -92% |
| Net position beginning of year | (779,876) | (791,567) | (930,535) | -1% | -15% |
| Net position end of year | $ (1,604,104) | $ (779,876) | $ (791,567) | 106% | -1% |

*Year ended December 31, 2020 compared to period ended December 31, 2019.* Parking revenues dramatically decreased due to the COVID-19 pandemic and the reduction of patrons using the Authority facilities. Operating expenses increased in 2020 due to the hiring of additional staff to patrol the local area.

*Year ended December 31, 2019 compared to period ended December 31, 2018.* Parking revenues were slightly higher than 2018 due to more activity in local area. Operating expenses increased in 2019 due to the hiring of additional staff to patrol the local area.

**Capital Assets** - The Authority, in fulfilling its mission to provide parking to the commercial and residential communities of Union City, has invested its resources in parking lots and improvements, parking meters and other necessary equipment.

The following table summarizes the changes in capital assets between year ended December 31, 2020 and period ended December 31, 2019:

| | Year Ended December 31 2018 | Additions | Period Ended December 31 2019 | Additions | Year Ended December 31, 2020 |
|---|---|---|---|---|---|
| Land | $ 1,723,338 | $ - | $ 1,723,338 | $ - | $ 1,723,338 |
| Parking deck | 4,080,678 | | 4,080,678 | - | 4,080,678 |
| Improvements | 842,776 | | 842,776 | | 842,776 |
| Equipment | 1,201,167 | | 1,201,167 | | 1,201,167 |
| Totals at historical cost | 7,847,959 | - | 7,847,959 | - | 7,847,959 |
| Less: accumulated depreciation | (5,367,261) | (225,474) | (5,592,735) | (217,598) | (5,810,333) |
| Net capital assets | $ 2,480,698 | $ (225,474) | $ 2,255,224 | $ (217,598) | $ 2,037,626 |

**Debt Administration** – At year end, the Authority had bond principal outstanding of $262,300 relating to the 38th Street Parking Deck. More detailed information about the Authority's debt is presented in Notes 7 and 8 to the financial statements.

The following table summarizes the capital debt as of December 31, 2020, 2019, and 2018:

| | Year Ended: December 31, 2020 | Year Ended: December 31, 2019 | Period Ended: December 31, 2018 |
|---|---|---|---|
| 2006 Bond issue | $ 262,300 | $ 512,700 | $ 751,700 |
| Total debt | $ 262,300 | $ 512,700 | $ 751,700 |
| Due within one year | $ 262,300 | $ 250,400 | $ 239,000 |
| Long term portion | - | 262,300 | 512,700 |
| Total debt | $ 262,300 | $ 512,700 | $ 751,700 |

**Contacting the Authority's Financial Management**

This financial report is designed to provide the City's citizens, taxpayers, and our customers, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional financial information, contact the Parking Authority of the City of Union City, 506-518 38th Street, Union City, NJ 07087 or at (201) 348-5836.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**STATEMENT OF NET POSITION**
**DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 2,586 | $ 201,880 |
| Accounts receivable | 24,105 | 50,999 |
| Total current assets | 26,691 | 252,879 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land | 1,723,338 | 1,723,338 |
| Leasehold improvements and equipment (net of accumulated depreciation of $5,810,335 and $5,592,736 at 12/31/20 and 12/31/19) | 314,288 | 531,886 |
| Total noncurrent assets | 2,037,626 | 2,255,224 |
| Total assets | $ 2,064,317 | $ 2,508,103 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension deferred outflows | $ 131,420 | $ 391,347 |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | 74,070 | 23,675 |
| Accounts Payable - City of Union City | 1,639,965 | 753,968 |
| Due to the Union City Board of Education | 12,681 | 9,866 |
| Pension payable | 70,952 | 61,863 |
| Checks written in excess of cash balance | 7,223 | - |
| Accrued compensated absences | 80,996 | 37,232 |
| Accrued interest on bond | 5,191 | 10,147 |
| Bond payable due within one year | 262,300 | 250,400 |
| Total current liabilities | 2,153,378 | 1,147,151 |
| Long-term liabilities: | | |
| Net pension liability at current discount rate | 1,057,674 | 1,145,956 |
| Bond payable | - | 262,300 |
| Total long-term liabilities | 1,057,674 | 1,408,256 |
| Total liabilities | $ 3,211,052 | $ 2,555,407 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension deferred inflows | $ 588,788 | $ 1,123,919 |
| **NET POSITION** | | |
| Invested in capital assets, net of related debt | 1,775,327 | 1,742,524 |
| Unrestricted | (3,379,431) | (2,522,400) |
| Total net position | $ (1,604,104) | $ (779,876) |

See independent auditor's report and accompanying notes to the financial statements.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**STATEMENTS OF REVENUES, EXPENSES**
**AND CHANGE IN NET POSITION**
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|---|---|---|
| Operating revenues: | | |
| City of Union City subsidy | $ 266,636 | $ 277,681 |
| Parking meters | 940,964 | 1,373,845 |
| Parking permits | 244,087 | 337,453 |
| Surcharge | 309,121 | 599,625 |
| Rental income | 32,300 | 30,750 |
| Miscellaneous income | 504 | 195 |
| Total operating revenues | 1,793,612 | 2,619,549 |
| Operating expenses: | | |
| Salaries and wages | 1,648,080 | 1,438,522 |
| Payroll taxes | 160,470 | 167,479 |
| Employee benefits | 256,445 | 261,843 |
| PERS | 65,944 | 3,938 |
| Office | 69,715 | 58,745 |
| Uniform | 13,727 | 34,369 |
| Meter repairs and maintenance | 28,414 | 21,441 |
| General repairs and maintenance | 16,647 | 35,869 |
| Vehicle maintenance | 21,616 | 35,504 |
| Parking lot maintenance | 21,464 | 8,822 |
| Utilities | 61,429 | 62,970 |
| Insurance | 231,674 | 227,400 |
| Legal fees | 42,419 | 42,001 |
| Accounting fees | 66,695 | 63,910 |
| Other professional fees | 5,000 | 4,012 |
| Advertising | 2,051 | 4,013 |
| Total operating expenses | 2,711,790 | 2,470,838 |
| Operating income | (918,178) | 148,711 |
| Non-operating revenue (expense): | | |
| Interest income from investments | 565 | 2,363 |
| Depreciation expense | (217,599) | (225,474) |
| Cancellation of payable | 485 | 616 |
| Interest expense | (11,280) | (33,951) |
| PERS amortization | 354,397 | 119,426 |
| Accrual of prior year payables | (32,618) | - |
| Total non-operating revenue (expense) | 93,950 | (137,020) |
| Change in net position | (824,228) | 11,691 |
| Net position, beginning of year | (779,876) | (791,567) |
| Net position, end of year | $ (1,604,104) | $ (779,876) |

See independent auditor's report and accompanying notes to the financial statements.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**COMPARATIVE STATEMENTS OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from operations | $ 1,544,283 | $ 2,130,935 |
| Subsidy from City of Union City - debt service | 266,636 | 277,681 |
| Payments to employees | (1,673,612) | (1,438,522) |
| Payments to vendors | (70,530) | (837,414) |
| Net cash provided (used) by operating activities | 66,777 | 132,680 |
| Cash flows from capital and related financing activities: | | |
| Bonds payable | (250,400) | (239,000) |
| Interest paid on bonds | (16,236) | (38,681) |
| Net cash (used) by capital and related financing activities | (266,636) | (277,681) |
| Cash flows from investing activities: | | |
| Interest received from investments | 565 | 2,363 |
| Net cash provided (used) by investing activities | 565 | 2,363 |
| Increase(Decrease) in cash and cash equivalents | (199,294) | (142,638) |
| Cash and cash equivalents, beginning of year | 201,880 | 344,518 |
| Cash and cash equivalents, end of year | $ 2,586 | $ 201,880 |
| **Reconciliation of operating (loss) income to net cash provided by operating activities** | | |
| Changes in Net Position | $ (824,228) | $ 11,691 |
| Adjustments to reconcile operating (loss) income to net cash provided by operating activities: | | |
| Depreciation expense | 217,599 | 225,474 |
| Net Loss/(Gain) on investments | (565) | (2,363) |
| Interest expense | 11,280 | 33,951 |
| (Increase)/decrease in accounts receivable | 26,894 | 36,399 |
| (Decrease)/increase in accounts payable and overdraft checks | 943,614 | 13,148 |
| (Decrease)/increase in pension payable | 9,089 | (55) |
| (Decrease)/increase in Union City Board of Education payable | 2,815 | 2,672 |
| (Decrease)/increase in accrued compensated absences | 43,765 | (6,948) |
| (Increase)/decrease in pension deferred outflows | 259,927 | 592,117 |
| (Decrease)/increase in pension liability | (88,282) | (79,703) |
| (Decrease)/increase in pension deferred inflows | (535,131) | (693,703) |
| Net cash provided by operating activities | $ 66,777 | $ 132,680 |

See independent auditor's report and accompanying notes to the financial statements.

## 1. AUTHORIZING LEGISLATION AND BOND RESOLUTION

The Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, was created by virtue of an ordinance adopted by the Board of Commissioners of the City. The Authority is a public body, corporate and politic, organized under the laws of the State of New Jersey, the Authority is exempt from Federal, State and Local taxes. The Authority is engaged principally in the operation and maintenance of parking meters and lots within the City. Revenue is generated principally from coin collections, sales of parking permits and surcharge revenues.

The Authority's governing body consists of seven members appointed by the Mayor of the City, with the advice and consent of the Board of Commissioners. The Authority is a component unit of the City under Governmental Accounting Standards Boards (GASB) Statement No. 14, as amended by GASB 34. On August 26, 1983, the State of New Jersey enacted P.L. 1983, Chapter 313, providing for a State review of the financial operations of local authorities. The responsibility for this review was given to the Local Finance Board and the Division of Local Government Services of the Department of Community Affairs, ("DLGS").

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Accounting Principles

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standard Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements, which may conflict with or contradict GASB pronouncements, in which case, GASB prevails.

In 2013, the Authority implemented GASB 65, "Items Previously Reported as Assets and Liabilities". As a result of implementation, the Authority was required to expense previously reported deferred outflows of resources. Therefore, prior debt issuance costs were fully expensed in 2013.

GASB 68, *Accounting and Financial Reporting for Pensions,* is effective beginning with the year ending November 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by the state and local government employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the financial activities for the year ended December 31, 2020.

### Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*,

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Component Unit (Continued)

and GASB No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the finance statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is a component unit of the City of the City of Union City.

### Basis of Financial Statements

The Authority's financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. All revenues other than nonrecurring miscellaneous revenues are recorded as operating revenues. The Authority applies all GASB pronouncements as well as all FASB statements and pronouncements. Revenues are recognized in the accounting period when they become susceptible to accrual. Expenditures, if measurable, are recognized in the accounting period in which the liability is incurred.

### 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 the Authority garage. 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 to the United States Postal Service.

*Non-operating revenues*

Non-operating revenues consist of interest income on assets whose use is limited and gains on sale of capital assets. Interest income is recognized when earned and is accrued if unpaid. 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Budgets and Budgetary Accounting

The DLGS requires that an annual budget be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Authority and approved by the DLGS per N.J.S.A. 40A:4 et. seq.

### Cash, Cash Equivalents and Investments

Cash and cash equivalents include all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 3.

### Allowance for Doubtful Accounts

Management has reviewed all accounts receivable at December 31, 2020 and 2019 and determined that no allowance was necessary.

### Inventory

Purchases of materials and supplies are expensed when purchased. The Authority does not maintain an inventory of these purchases.

### Capital Assets

In order to comply with the requirements of the "New Jersey Local Authorities Accounting Principles and Auditing Standards Manual," the Authority has valued capital assets at historical cost and has recorded depreciation thereon (see Note 4).

### Advertising Costs

Advertising costs are charged to operations when incurred. The Authority does not use direct-response advertising. The Authority's advertising costs are for advertising in the local papers as required to publish meeting dates and requests for bids.

### Income Taxes

The Authority is exempt from Federal incomes taxes under IRC Section 115 and from State income taxes under N.J.S.A. 27:25-16. Accordingly, no provision is recorded for Federal and State incomes taxes.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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.

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

***Custodial Credit Risk – Deposits***. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in N.J. Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2020 and 2019, $0 of the Authority's bank balance of $8,019 and $204,003 was exposed to custodial credit risk.

***Interest Rate Risk – Investments.*** The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

***Credit Risk - Investments***. New Jersey Statutes 40A: 5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

***Concentration of Credit Risk***. The Authority places no limit on the amount the Authority may invest in any one issuer. As of December 31, 2020 and 2019, the Authority had no investments.

## 4. RETIREMENT PLANS

*Plan Description* - All eligible employees of the Authority are covered by the Public Employees' Retirement System, which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (the "Division"). According to the State of New Jersey Administrative Code, all obligations of the system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

**Summary of Significant Accounting Policies**

*GASB 68, Accounting and Financial Reporting for Pensions,* is effective beginning with the year ending June 30, 2015. The objective of this statement is to improve accounting and financial reporting by state and local governments for pension. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

Amendments to and further clarification of GASB 68, include GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB 67 and 68.,* and GASB 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans.*

**4. RETIREMENT PLANS (continued)**

*Summary of Significant Accounting Policies (continued)*

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.

*Public Employees' Retirement System (PERS)* - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

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

At December 31, 2020, the Authority reported a liability of $1,057,674 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The Authority's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the Authority's proportion was 0.0064859%, which was an increase of 0.000126% from its proportion measured as of June 30, 2019 of 0.0063599%.

For the period ended December 31, 2020, the Authority recognized pension expense of $65,944. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflow of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 19,258 | $ 3,740 |
| Changes of assumptions | 34,312 | 442,858 |
| Net difference projected and actual earnings on pension plan investments | 36,152 | |
| Changes in proportion and differences between Authority and proportionate share of contributions | 41,698 | 142,190 |
| Total | $ 131,420 | $ 588,788 |

**4. RETIREMENT PLANS (continued)**

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

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

| | Period Ended Dec. 31 |
|---|---|
| 2021 | $ (132,719) |
| 2022 | $ (120,999) |
| 2023 | $ (69,148) |
| 2024 | $ (27,962) |
| 2025 | $ (6,048) |
| Total | $ (356,876) |

*Changes in Proportion*-The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the years for the 2020, 2019, 2018, 2017, 2016 2015, and 2014 amounts, respectively.

| | 6/30/2020 |
|---|---|
| Collective deferred outflows of resources | $ 1,383,360,202 |
| Collective deferred inflows of resources | 6,885,726,332 |
| Collective net pension liability (Non-State-Local Group) | 16,435,616,426 |
| Authority's portion of net pension liability | 1,057,674 |
| Authority's proportion % | 0.0064858566% |

*Actuarial assumptions*. The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

| | |
|---|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00% – 6.00% based on years of service |
| Thereafter | 3.00% – 7.00% based on years of service |
| Investment Rate of Return: | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. 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

**4. RETIREMENT PLANS (continued)**

with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period 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, 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. 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 Allocations | Long-Term Expected Real Rate of Return |
|---|---|---|
| US Equity | 27.00% | 7.71% |
| Non-US Developed Market Equity | 13.50% | 8.57% |
| Emerging Market Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| US Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |

*Discount rate.* The discount rate used to measure the total pension liability was 7.00% and 6.28% and as of June 30, 2020 and 2019, respectively. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

**4. RETIREMENT PLANS (continued)**

*Sensitivity of the Collective Net Pension Liability to changes in the discount rate.* The following presents the Authority's collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease (6.00%) | June 30, 2020 Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| Authority's proportionate share of the net pension liability | $ 1,331,435 | $ 1,057,674 | $ 825,380 |

*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 at https://www.state.nj.us/treasury/pensions/gasb-notices.shtml.

*PERS Vesting and Benefit Provisions* - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

*Contribution Requirements* – The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Under provisions of Chapter 78, P.L. 2012, PERS employee pension contribution rates increased from 5.5% to 6.5% of salary, effective October 1, 2012. An additional increase to be phased un until 2019 will bring the total pension contribution to 7.5% of salary. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT, CPF, and PAF.

**4. RETIREMENT PLANS (continued)**

**Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and was expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial.

Under DCRP, the value of the pension is based on the amount of the contributions made by the employees and employer and through investment earnings. The employee, through options provided under the plan, directs investment of contributions. The employee contribution to DCRP is 5.5% of defined salary and the employer contributes 3%. The employer also makes contribution for eligible members' life insurance and disability coverage under DCRP.

**5. CAPITAL ASSETS**

**A.** Capital Assets are stated at historical or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenses.

**B.** Capital Asset activity for the year ended December 31, 2020 and the period ended December 31, 2019 was as follows:

| | Period Ended: December 31, 2019 | Additions | Year Ended: December 31, 2020 |
|---|---|---|---|
| Land | $ 1,723,338 | $ - | $ 1,723,338 |
| Parking deck | 4,080,678 | | 4,080,678 |
| Meters | 764,707 | | 764,707 |
| Vehicles | 163,933 | | 163,933 |
| Machinery and equipment | 165,371 | | 165,371 |
| Computer software | 68,925 | | 68,925 |
| Leasehold improvements | 252,272 | | 252,272 |
| Parking lot improvements | 628,735 | | 628,735 |
| Total | 7,847,959 | - | 7,847,959 |
| Less: Accumulated Depreciation | (5,592,735) | (217,598) | (5,810,333) |
| Net capital assets | $ 2,255,224 | $ (217,598) | $ 2,037,626 |

## 5. CAPITAL ASSETS (continued)

C. Assets capitalized have 3 or more years of useful life. Depreciation is calculated on the straight-line basis. The useful lives of capital assets for purposes of computing depreciation are:

| Asset Class | Years |
|---|---|
| Parking Deck | 25 |
| Parking Lot Improvements | 7 |
| Meters, Vehicles, Machinery & Equipment and Leasehold Improvements | 5 |
| Computer Software | 3 |

## 6. ACCOUNTS PAYABLE AND PENSION PAYABLE

Accounts payable to vendors as of December 31, 2020 and 2019 was $1,714,035 and $777,643, respectively. Pension payable to the State of New Jersey as of December 31, 2020 and 2019 was $70,952 and $61,863, respectively.

## 7. LONG-TERM LIABILITIES

### Bond Payable

On October 1, 1996, the Authority, the City and the Hudson County Improvement Authority, (the "HCIA"), entered into the "Lease and Agreement among the Parking Authority of the City of Union City, The Hudson County Improvement Authority and the City of Union City" (the "lease agreement"). The lease agreement provided for the financing, through the Improvement Authority's pooled government loan program bonds, of a parking deck on the land located between Bergenline Avenue and Kennedy Boulevard, and covering the entire block from 38th to 39th Street (the "project"). All leases mentioned above were terminated on July 26th, 2006 when the Authority obtained permanent private placement financing through All Points Public Funding, LLC ("All Points"), a Deutsche Bank Company. The Authority has recorded the parking deck described above in capital assets at a total cost of $4,080,678.

On July 26th, 2006 the Authority issued a bond payable to All Points for $2,900,000 at a fixed rate of interest of 4.75%, maturing on August 1, 2021. Additionally, the Authority transferred $990,000 of invested funds to the HCIA to refund the Capital Lease Payable. The Authority's cost of issuance on the bond out of their invested funds of $134,000 was being amortized over 20 years. In 2012, the remaining balance of $97,247 was expensed in full as per GASB No. 65.

Changes to long-term debt as follows:

| Description | Total Debt December 31, 2019 | Decreased | Total Debt December 31, 2020 | Due Within One Year | Long Term Debt |
|---|---|---|---|---|---|
| Bond (Private Placement) | $ 512,700 | $ 250,400 | $ 262,300 | $ 262,300 | $ - |

## 7. LONG-TERM LIABILITIES (continued)

**Bond Payable (continued)**

Schedule of Annual Debt Service for
Principal and Interest for the Next
Five Years and Thereafter for Bonded Debt Issued and Oustanding

| Year | Principal | Interest | Totals |
|---|---|---|---|
| 2021 | $ 262,300 | $ 12,459 | $ 274,759 |

## 8. PARKING RATES

The Authority charges meter rates of twenty-five cents per half hour in the meters in its parking decks and the streets, and twenty-five cents per hour for meters located in its lots throughout the City. In addition, the Authority allows monthly permit parking in each of its lots. The monthly permit fee is $75 for all municipal parking lots, except for the 38th Street parking garage, which is $85 per month. The Authority also issues business permits for $50 per year and employee permits for $50 per year. These permits are for businesses within the City and employees of the City and other governmental agencies.

## 9. INTERLOCAL GOVERNMENT SERVICE AGREEMENT

On February 16, 2000, the Board of Commissioners approved the Authority's participation in an Interlocal Government Service Agreement with the City. Under this agreement the Authority made a residual equity transfer to the City in the amount of $1,000,000 in exchange for previous services rendered and in anticipation of the City providing future services, and monthly surcharge revenues of two dollars per parking ticket processed through the City's Municipal Court. Services to be provided include adequate space for the operation of the Authority until at least January 1, 2011 and the following services and assistance as is reasonably and fiscally possible within the limits of the City's manpower and finances: a) mechanical sweeping of the Authority's off-street parking locations, b) repair and maintenance of Authority owned and/or operated vehicles, c) snow plowing and/or snow removal from the Authority's off-street parking facilities, d) utility services incurred as a result of the operation of the Authority's offices, such as water, sewer and telephone, and e) any and all similar services which the City can provide to the Authority as a result of its normal government functions. Effective January 2002, the surcharge revenue was increased to three dollars per ticket. Surcharge revenues for the year ended December 31, 2020 and December 31, 2019 was $309,121 and $599,625, respectively.

## 10. LEASES

**United States Postal Service:**

The Authority leased office store facilities to the United States Postal Service. The Post office is currently paying month-to-month and has signed a new agreement with Authority to commence May 1, 2021. Rental income for the year ended December 31, 2020 and December 31, 2019 was $32,300 and $30,750, respectively.

**Union City Board of Education:**

Additionally, the Authority leases a lot located at 601 West Street for the use of citizens of Union City and patrons of businesses in Union City. The lot is owned by the Union City Board of Education. Under the terms of the lease, the Authority will pay the Board 14% of the gross proceeds collected at the lot for the period March 1, 2018 - February 28, 2020 and 15% for the period March 1, 2020 – February 28, 2022. The Authority owes the Board $2,816 for collections during the year ended December 31, 2020. The total owed to the Board under this agreement is $12,681 and $9,866 as of December 31, 2020 and 2019, respectively.

## 11. NET POSITION

Net position represents the difference between the Authority's position and liabilities. Net positions are categorized into three components:

*Invested in capital assets and leasehold interest, net of related debt:* This component of net position consists of capital assets and leasehold interest, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, notes or other borrowings.

*Restricted:* Net position are reported as restricted when constraints are placed on the use of the net position by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted:* Net position that do not meet the definition of invested in capital assets and leasehold interest, net of related debt or restricted.

| | 2020 | 2019 |
|---|---|---|
| **Invested in Capital Assets, net of related debt** | | |
| Net Capital Assets | $ 2,037,626 | $ 2,255,224 |
| Adjustment | 1 | |
| Bond Payable | (262,300) | (512,700) |
| | 1,775,327 | 1,742,524 |
| **Unrestricted** | (3,404,963) | (2,522,400) |
| **TOTAL NET POSITION** | $ (1,629,636) | $ (779,876) |

## 12. CONTINGENCIES

### Accumulated Absences

Effective November 28, 2006 the Authority adopted a policy on the accrual of vacation and sick time which allows for employees to accrue the time in the current year and take it by the end of the next year or be forfeited. Prior to that, the Authority had no formal policy, but based on resolutions passed by the board which awarded accrued sick and vacation time and adjudicated cases, in accordance with GASB No. 16 "Accounting for Compensated Absences", the Authority is liable for accrued sick and vacation pay prior to the November 2006 resolution. The amount accrued for the year ended December 31, 2020 and 2019 was $106,529 and $37,232, respectively.

### Litigation

The Authority is involved in certain legal proceedings from time to time, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

## 13. RISK MANAGEMENT

The Authority is exposed to various property and casualty risks including property damage caused to any of the Authority's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment or apparatus; liability from the Authority's negligence, including that of its officers, employees and servants and workers' compensation obligations. The Authority holds commercial insurance policies which insure against the risk of loss for all of the above- mentioned claims.
**Cyber Security Insurance** – The Authority also maintains cyber liability insurance coverage through ACE American Insurance Company - Chubb for protection when claims are made against the Authority for monetary damages arising out of an electronic information security event. The insurance also covers expenses occurring as a result of a privacy crisis management or cyber extortion event.

## 14. RECENT ACCOUNTING PRONOUNCEMENTS

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which is intended to increase 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 of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, as a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government's leasing activities. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The Authority believes this may impact the disclosures relating to debt in the notes to the financial statements.

## 14. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

In June 2018, the Government Accounting Standards Board issued GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period.* This Statement requires 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 Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The Authority does not believe this Statement will have any effect on future financial statements.

In August 2018, the Government Accounting Standards Board issued GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB No. 14 and No. 61.* This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The Authority does not believe this Statement will have any effect on future financial statements.

In May 2019, The Government Accounting Standards Board issued GASB Statement No. 91, *Conduit Debt Obligations.* This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statements achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. The Authority does not believe this Statement will have any effect on future financial statements.

In January 2020, the Government Accounting Standards Board issued GASB Statement No. 92, *Omnibus.* This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The Authority does not believe this Statement will have any effect on future financial statements.

In March 2020, the Government Accounting Standards Board issued GASB Statement No. 93, *Replacement of Interbank Offering Rates.* The objective of this Statement is to address certain issues with Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as amended, Statement No. 87, *Leases,* as amended and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for fiscal years beginning after June 15, 2020. The Authority does not believe this Statement will have any effect on future financial statements.

## 14. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

In March 2020, The Government Accounting Standards Board issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in the Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Authority does not believe this Statement will have any effect on future financial statements.

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 90, *Majority Equity Interests*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Implementation Guide 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*; Implementation Guide No. 2018-1, *Implementation Guidance Update - 2018*; Implementation Guide No. 2019-1, *Implementation Guidance Update - 2019*; Implementation Guide No. 2019-2, *Fiduciary Activities*. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, *Leases*; Implementation Guide No. 2019-3, *Leases*. The requirements of this Statement are effective immediately.

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that SBITA results in a right-to-use subscription asset--an intangible asset--and a

## 14. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscriptions payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Authority is still determining the effects, if any, this statement will have on future financial statements.

## 15. LIQUIDITY, MANAGEMENT PLANS AND INTENTIONS

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic were unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential reduction in revenues.

Due to COVID-19 Pandemic, the Authority had to adjust its operations in 2020 to continue to provide services. The Pandemic had a significant impact on the financial statements of the Authority for the year ended December 31, 2020. Parking meter, parking permits and surcharges decreases as a result of less activity due to the COVID-19 Pandemic. However, the Pandemic did result in the State of New Jersey taking steps to award additional grant monies to help offset some additional costs incurred related to public health. Additionally, the Authority prepared and balanced the 2022 budget and considered the potential impact the Pandemic could have on operations.

## 16. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through December 3, 2021, which is the date the financial statements were available to be issued.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**LAST TEN FISCAL YEARS ENDED JUNE 30,**

## SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

**Public Employees' Retirement System (PERS)**

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Authority's proportionate of the net pension liability (asset) | 0.00649% | 0.00636% | 0.00622% | 0.00659% | 0.00669% | 0.01151% | 0.02680% | | | |
| Authority's proportionate share of the net pension liability (asset) | $ 1,057,674 | $ 1,145,956 | $ 1,225,659 | $ 1,533,561 | $ 1,981,753 | $ 2,582,821 | $ 5,016,868 | | | |
| Authority's covered employee payroll | 501,412 | 477,540 | 466,931 | 457,236 | 456,087 | 639,157 | 668,630 | | | |
| Authority's proportionate share of net pension liability (asset) as a percentage of its covered -employee payroll | 211% | 240% | 262% | 335% | 435% | 404% | 750% | | | |
| Plan fiduciary net position as a percentage of the total pension liability (Local) | 58.32% | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% | | | |

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**LAST TEN FISCAL YEARS ENDED JUNE 30,**
**Schedule of Authority Pension Contributions**
**Public Employees' Retirement System (PERS)**

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Contractually required contribution* | $ 70,952 | $ 61,863 | $ 61,918 | $ 61,030 | $ 59,444 | $ 98,919 | $ 220,899 | | | |
| Contributions in relation to the contractually required contributions* | (70,952) | (61,863) | (61,918) | (61,030) | (59,444) | (98,919) | (220,899) | | | |
| Contributions deficiency (excess) | - | - | - | - | - | - | - | | | |
| Authority's covered employee payroll | 501,412 | 477,540 | 466,931 | 457,236 | 456,087 | 639,157 | 668,630 | | | |
| Contributions as a percentage of covered-employee payroll | 14.15% | 12.95% | 13.26% | 13.35% | 13.03% | 15.48% | 33.04% | | | |

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET**
**DECEMBER 31, 2020**

| | 2020 Budget | 2020 Actual |
|---|---|---|
| Revenues: | | |
| Parking meter revenues | $ 1,584,422 | $ 940,964 |
| Parking permit revenues | 500,000 | 244,087 |
| Surcharge revenues | 600,000 | 309,121 |
| Lease/rental income | 56,630 | 32,300 |
| Interest income from investments | - | 565 |
| Miscellaneous income | - | 504 |
| Local subsidy | 274,753 | 266,636 |
| Total revenues | 3,015,805 | 1,794,177 |
| Expenses: | | |
| Salaries and wages | 1,449,542 | 1,648,080 |
| Employee benefits | 380,000 | 416,915 |
| PERS appropriation | 65,000 | 65,944 |
| PERS amortization | - | (354,397) |
| Office and uniform expense | 149,200 | 144,871 |
| General repairs and maintenance | 312,410 | 88,141 |
| Insurance | 218,900 | 231,674 |
| Legal fees | 44,000 | 42,419 |
| Accounting fees | 64,000 | 48,195 |
| Audit fees | 7,000 | 18,500 |
| Insurance and professional development | 6,000 | 5,000 |
| Miscellaneous | 45,000 | 2,051 |
| Debt Service | 274,753 | 11,280 |
| Total Expenses | $ 3,015,805 | 2,368,673 |
| Adjustments - GAAP basis: | | |
| Revenues less expenses | | (574,496) |
| Cancellation of payable | | 485 |
| Accrual of pension liability for part time employees | | (32,618) |
| Depreciation and amortization | | (217,599) |
| Net (decrease)/increase in net position - GAAP basis | | $ (824,228) |

See independent auditor's report and accompanying notes to the financial statements.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS**
**AND CHANGES IN UNRESTRICTED CASH**
**DECEMBER 31, 2020**

| | | |
|---|---|---|
| Cash Balance as of December 31, 2019 | $ | 201,880 |
| Increased by receipts: | | |
| Parking receipts | | 1,494,892 |
| Interest receipts | | 565 |
| Other receipts | | 49,391 |
| Total receipts | | 1,544,848 |
| Decreased by disbursements: | | |
| Operating disbursements | | 1,751,365 |
| Cash Balance as of December 31, 2020 | $ | (4,637) |

Analysis of Cash Balance

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 2,586 |
| Checks written in excess of cash balance | | (7,223) |
| Cash Balance as of December 31, 2020 | $ | (4,637) |

See independent auditor's report and accompanying notes to the financial statements.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**SCHEDULE OF COST OF REAL PROPERTY**
**DECEMBER 31, 2020**

| Lot Number and Location | Purchase Price |
|---|---|
| 8th - 10th Street Lot: | |
| 720 - 724 8th Street | $ 140,000 |
| 719 - 721 10th Street | 76,559 |
| 723 10th Street | 47,500 |
| 12th Street Lot | 320,000 |
| 25th Street Lot: | |
| 509 25th Street | 8,500 |
| 511 25th Street | 6,000 |
| 513 25th Street | 5,500 |
| 515 25th Street | 6,000 |
| 35th - 36th Street Lot: | |
| 516 - 526 35th Street | 13,004 |
| 517 - 519 36th Street | 32,250 |
| 521 - 527 36th Street | 10,251 |
| 36th - 37th Street Lot: | |
| 514 - 518 36th Street | 13,042 |
| 520 - 530 36th Street | 8,505 |
| 515 - 517 37th Street | 12,501 |
| 519 - 527 37th Street | 12,342 |
| 37th - 38th Street Lot: | |
| 512 37th Street | 52,500 |
| 514 37th Street | 72,500 |
| 516 37th Street | 33,000 |
| 511- 513 38th Street | 83,500 |
| 515 38th Street | 90,000 |
| 38th - 39th Street Lot (parking deck): | |
| 506 - 508 38th Street | 7,500 |
| 512 - 518 38th Street | 48,000 |
| 511 - 517 39th Street | 9,002 |
| 41st - 42nd Street Lot: | |
| 510 - 514 41st Street | 5,000 |
| 516 41st Street | 11,250 |
| 518 41st Street | 52,002 |
| 509 - 511 42nd Street | 5,000 |
| 513 42nd Street | 22,500 |
| 515 42nd Street | 43,000 |
| 517 42nd Street | 65,000 |
| 44th - 45th Street Lot: | |
| 404 44th Street | 70,000 |
| 406 44th Street | 16,500 |
| 408 44th Street | 26,500 |
| 410 44th Street | 35,000 |
| 413 45th Street | 100,000 |
| 415 - 417 45th Street | 62,000 |
| 47th - 48th Street Lot: | |
| 4705 Bergenline Avenue | 20,025 |
| 4707 - 4711 Bergenline Avenue | 15,105 |
| 509 48th Street | 66,500 |
| | $ 1,723,338 |

See independent auditor's report and accompanying notes to the financial statements.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**SCHEDULE OF METER, PARKING AND SURCHARGE REVENUES BY LOCATION**
**LAST TEN FISCAL YEARS**

| | 2020 | 2019 | 2018 | 2017* | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Meter Revenues:** | | | | | | | | | | |
| Street and lot meters | $ 697,916 | $ 1,064,290 | $ 1,060,215 | $ 1,310,420 | $ 1,207,021 | $ 1,209,181 | $ 1,171,682 | $ 1,201,884 | $ 1,192,544 | $ 1,181,260 |
| Parking Deck - 38th Street | 60,967 | 98,321 | 108,625 | 114,228 | 72,653 | 82,373 | 60,994 | 52,610 | 41,821 | 34,145 |
| Park mobile | 182,081 | 211,234 | 165,573 | 148,171 | 80,717 | - | - | - | - | - |
| **Total Meter Revenues** | 940,964 | 1,373,845 | 1,334,413 | 1,572,819 | 1,360,391 | 1,291,554 | 1,232,676 | 1,254,494 | 1,234,365 | 1,215,405 |
| Parking Permits | 244,807 | 337,453 | 366,977 | 290,766 | 482,095 | 380,312 | 421,323 | 437,580 | 438,672 | 427,256 |
| Surcharge | 309,121 | 599,625 | 566,150 | 562,680 | 237,815 | 248,183 | 232,341 | 262,019 | 252,772 | 275,926 |
| **Total** | $ 1,494,892 | $ 2,310,923 | $ 2,267,540 | $ 2,426,265 | $ 2,080,301 | $ 1,920,049 | $ 1,886,340 | $ 1,954,093 | $ 1,925,809 | $ 1,918,587 |

*NOTE: 2017 was reported for a 13 month period due to change of fiscal year end.

See independent auditor's report and accompanying notes to the financial statements.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION - RESTRICTED AND UNRESTRICTED**
**DECEMBER 31, 2020**

| | Unrestricted Funds | Invested in Capital Assets, net of related debt | Total Net Position |
|---|---|---|---|
| Operating revenues: | | | |
| City of Union City subsidy | $ 266,636 | $ - | $ 266,636 |
| Parking and surcharge revenue | 1,494,172 | - | 1,494,172 |
| Other revenue | 32,804 | 2 | 32,806 |
| | 1,793,612 | 2 | 1,793,614 |
| Operating expenses: | | | |
| Operating expenses | 2,711,792 | - | 2,711,792 |
| | 2,711,792 | - | 2,711,792 |
| Operating income/(loss): | (918,180) | 2 | (918,178) |
| Non-operating revenue (expense): | | | |
| Interest income from investments | 565 | - | 565 |
| Cancellation of prior year receivable | 485 | | 485 |
| Interest expense | (11,280) | - | (11,280) |
| PERS amortization | 354,397 | | 354,397 |
| Accrual of prior year payables | (32,618) | | (32,618) |
| Depreciation expense | | (217,599) | (217,599) |
| | 311,549 | (217,599) | 93,950 |
| Payment of bond principal | (250,400) | 250,400 | - |
| Change in net position | (857,031) | 32,803 | (824,228) |
| Net position - beginning of year | (2,522,400) | 1,742,524 | (779,876) |
| Net position - end of year | $ (3,379,431) | $ 1,775,327 | $ (1,604,104) |

See independent auditor's report and accompanying notes to the financial statements.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**SCHEDULE OF PRIOR YEAR COMMENTS AND RECOMMENDATIONS**
**DECEMBER 31, 2020**

**19-01 RECOMMENDATION:**

That the Authority implement and monitor controls to maintain a physical inventory of fixed assets.

**STATUS:**

Corrective action has been taken.

**19-02 RECOMMENDATION:**

The Authority will implement an internal control system for all quotes and bids as required by N.J.S.A. 40A:11.

**STATUS:**

Corrective action has been taken.

**19-03 RECOMMENDATION:**

That all monies collected must be deposited within 48 hours of receipt.

**STATUS:**

Corrective action has not been taken.

**PARKING AUTHORITY OF THE CITY OF UNION CITY**
**COUNTY OF HUDSON, STATE OF NEW JERSEY**
**(A Component Unit of the City of Union City)**
**FINDINGS AND RECOMMENDATIONS**
**DECEMBER 31, 2020**

***Comment #20-01:**

There were several instances that monies were not deposited within 48 hours to comply with N.J.S.A. 40A:5-15.

***Recommendation:***

That all monies collected must be deposited within 48 hours of receipt.

***Management's Response:***

The majority of the instances that monies were not deposited within 48 hours was due to the lack of available staffing to support the daily operations of the Authority.

***Finding repeated from prior year**