

PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of The City of Trenton,
State of New Jersey)

Financial Statements
and
Supplementary Information

June 30, 2024

PARKING AUTHORITY OF THE CITY OF TRENTON
(A Component Unit of The City of Trenton, State of New Jersey)

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PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of the City of Trenton, State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and supplementary information. The Parking Authority of the City of Trenton (the "Authority") is a self-supporting entity and follows enterprise fund accounting. The enterprise fund concept is similar to the manner in which private business enterprises are financed and operated. The Authority presents its basic financial statements on the accrual basis of accounting. The statements offer short and long-term financial information about the activities and operations of the Authority. The intent is that the costs of providing access to parking facilities on a continuing basis are financed primarily through parking revenue. The Authority has established certain restricted "funds and accounts", as directed by internal resolution and bond indentures. In an effort to ensure compliance with the Authority's bylaws and to safeguard its assets, internal controls have been developed and implemented by management. These internal controls include policies, procedures, approved organizational structures and approved budgets for capital and operating expenditures. Visit the Authority's website at www.tpanj.com for more information regarding the Authority's parking activity and management contact information.

Financial Highlights

2024

Cash and cash equivalents as of June 30, 2024, were \$2,657,138, an increase of approximately 3.9% from the balance as of June 30, 2023.

Total liabilities as of June 30, 2024, were \$18,600,944, a decrease of 7.7% from the balance as of June 30, 2023. The Authority repaid \$1,850,000 in debt during the fiscal year ended June 30, 2024.

2023

Cash and cash equivalents as of June 30, 2023, were \$2,556,376, an increase of approximately 14.7% from the balance as of June 30, 2022.

Total liabilities as of June 30, 2023, were \$20,150,802, a decrease of 9.6% from the balance as of June 30, 2022. The Authority repaid \$1,780,000 in debt during the fiscal year ended June 30, 2023, and wrote off the PSE&G advanced rents contingent liability of \$334,362.

Financial Analysis of the Authority

2024

The Authority's total net position was \$6,077,893 as of June 30, 2024, which was an increase of 26.7% over the prior year. In fiscal year 2024, total assets and deferred outflows of resources decreased approximately 1.3% to \$25.3 million, and total liabilities and deferred inflows of resources decreased approximately 7.7% to \$19.3 million.

2023

The Authority's total net position was \$4,795,748 as of June 30, 2023, which was an increase of 49.9% over the prior year. In fiscal year 2023, total assets and deferred outflows of resources decreased approximately 2.7% to \$25.7 million, and total liabilities and deferred inflows of resources decreased approximately 9.9% to \$20.9 million.

PARKING AUTHORITY OF THE CITY OF TRENTON

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**Financial Analysis of the Authority (Continued)**

Changes in assets, liabilities and net position between June 30, 2024, 2023 and 2022, are summarized as follows:

	June 30, 2024	June 30, 2023*	June 30, 2022*	\$ Change 2024-2023	% Change 2024-2023
Current assets	\$ 4,460,296	\$ 4,424,403	\$ 4,474,252	\$ 35,893	0.8%
Capital assets, net	20,064,400	20,590,733	20,743,858	(526,333)	-2.6%
Other assets	95,205	-	425,353	95,205	100.0%
Total assets	24,619,901	25,015,136	25,643,462	(395,235)	
Deferred outflows of resources	720,688	657,243	722,068	63,445	9.7%
Total assets and deferred outflows of resources	25,340,589	25,672,379	26,365,530	(331,790)	-1.3%
Long-term debt	13,865,000	15,790,000	17,640,000	(1,925,000)	-12.2%
Other liabilities	4,735,944	4,360,802	4,660,039	375,142	8.6%
Total liabilities	18,600,944	20,150,802	22,300,039	(1,549,858)	-7.7%
Deferred inflows of resources	661,752	725,830	868,233	(64,078)	-8.8%
Total liabilities and deferred inflows of resources	19,262,696	20,876,632	23,168,272	(1,613,936)	-7.7%
Invested in capital assets, net of related debt	4,177,983	2,725,090	1,490,292	1,452,893	53.3%
Restricted net position					
Debt service	3,431,207	3,361,476	3,435,879	69,731	2.1%
Renewal and replacement	39,461	24,680	24,599	14,781	59.9%
Deficit	(1,570,758)	(1,315,498)	(1,753,512)	(255,260)	19.4%
Total net position	\$ 6,077,893	\$ 4,795,748	\$ 3,197,258	\$ 1,282,145	26.7%

*Includes restatement of prior year values. See footnote L for additional information.

Operating Activities

The Authority operates three parking garages in the City of Trenton: Warren Street, Lafayette Yard and Liberty Commons. They also operate a surface lot, which is located on Merchant Street. User fees are generated from monthly passes and daily parkers. Rates are set by the Authority's Board of Commissioners.

2024

The Authority's total parking revenue for fiscal year 2024 was \$3.8 million, a 9.6% increase from fiscal year 2023. Total operating revenues increased from the prior year by \$367,633 primarily due to a recovery of monthly and daily parking that had decreased in the prior years as a result of increases in remote work. Total non-operating revenues decreased by \$289,615 mostly due to the one time write off of the PSE&G advanced rents contingent liability of \$334,362. The Authority's total operating expenses for fiscal year 2024 were \$2.3 million, an increase of approximately 25.5% from fiscal year 2023. The Authority's operating income for fiscal year 2024 was \$1.6 million, a decrease of approximately 5.3% over fiscal year 2023.

PARKING AUTHORITY OF THE CITY OF TRENTON

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**Operating Activities (Continued)****2023**

The Authority's total parking revenue for fiscal year 2023 was \$3.5 million, a 7.5% increase from fiscal year 2022. Total operating revenues increased from the prior year by \$242,865 primarily due to a recovery of monthly and daily parking that had decreased in the prior years as a result of increases in remote work. Total non-operating revenues increased by \$413,956 mostly due to the one time write off of the PSE&G advanced rents contingent liability of \$334,362. The Authority's total operating expenses for fiscal year 2023 were \$1.8 million, a decrease of approximately 20.5% from fiscal year 2022. The Authority's operating income for fiscal year 2023 was \$1.7 million, an increase of approximately 68.8% over fiscal year 2022.

The following table summarizes the changes in revenue, expenses and net position between the fiscal years of 2024, 2023 and 2022.

	June 30, 2024	June 30, 2023*	June 30, 2022*	\$ Change 2024-2023	% Change 2024-2023
Operating revenues					
Parking revenues	\$ 3,846,539	\$ 3,509,197	\$ 3,265,499	\$ 337,342	9.6%
Other revenue	58,291	28,000	28,833	30,291	108.2%
Total operating revenues	3,904,830	3,537,197	3,294,332	367,633	10.4%
Non-operating revenues					
Miscellaneous income	-	334,388	9,834	(334,388)	100.0%
Interest income	182,488	145,199	53,882	37,290	25.7%
Investment return	(2,645)	(10,128)	(8,213)	7,483	-73.9%
Total non-operating revenues	179,844	469,459	55,503	(289,615)	-61.7%
Total revenues	4,084,674	4,006,656	3,349,836	78,018	1.9%
Operating expenses					
Payroll and fringe benefits	561,964	462,989	494,182	98,975	21.4%
Depreciation and amortization	647,096	616,058	972,227	31,038	5.0%
Other operating expenses	1,051,237	721,465	799,397	329,772	45.7%
Total operating expenses	2,260,297	1,800,512	2,265,806	459,785	25.5%
Non-operating expenses					
Interest expense	542,232	607,655	669,999	(65,423)	-10.8%
Total non-operating expenses	542,232	607,655	669,999	(65,423)	-10.8%
Total expenses	2,802,529	2,408,167	2,935,805	394,362	16.4%
Operating income	1,644,533	1,736,685	1,028,526	(92,152)	-5.3%
Changes in net position	1,282,145	1,598,490	414,030	(316,345)	-19.8%
Net position, beginning of year	4,795,748	3,197,258	2,783,228	1,598,490	50.0%
Net position, end of year	\$ 6,077,893	\$ 4,795,748	\$ 3,197,258	\$ 1,282,145	26.7%

*Includes restatement of prior year values. See footnote L for additional information.

PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of the City of Trenton, State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Capital Assets and Debt Administration

At June 30, 2024, the Authority had a total of \$32,385,704 invested in property and equipment relating primarily to its parking facilities. The total represents an increase of 0.4% from last year. At June 30, 2023, the Authority had a total of \$32,247,767 invested in property and equipment relating primarily to its parking facilities. The total represents an increase of 1.5% from 2022.

The following table summarizes the changes in capital assets, net of depreciation, between the fiscal years 2024, 2023 and 2022.

	June 30, 2024	June 30, 2023	June 30, 2022	\$ Change 2024-2023	% Change 2024-2023
Land	\$ 1,788,122	\$ 1,788,122	\$ 1,788,122	\$ -	0.0%
Buildings	26,460,016	26,460,016	26,460,016	-	0.0%
Improvements	4,015,298	3,877,361	3,397,253	137,937	3.6%
Furniture and fixtures	122,268	122,268	122,268	-	0.0%
Total capital assets	32,385,704	32,247,767	31,767,659	137,937	0.4%
Accumulated depreciation	(12,321,304)	(11,657,034)	(11,023,801)	(664,270)	5.7%
Total capital assets, net	<u>\$ 20,064,400</u>	<u>\$ 20,590,733</u>	<u>\$ 20,743,858</u>	<u>\$ (526,333)</u>	-2.6%

More detailed information about the Authority's capital assets is presented in Note F of the financial statements.

The following table summarizes the changes in capital debt between the fiscal years of 2024, 2023 and 2022:

	June 30, 2024	June 30, 2023	June 30, 2022	\$ Change 2024-2023	% Change 2024-2023
Bonds payable	<u>\$ 15,790,000</u>	<u>\$ 17,640,000</u>	<u>\$ 19,420,000</u>	<u>\$ (1,850,000)</u>	-10.5%

More detailed information about the Authority's bonds payable is presented in Note G of the financial statements.

Contacting the Authority's Management

If you have questions about this report or need additional financial information, you can contact the Parking Authority of the City of Trenton at 16 East Hanover Street, Trenton, New Jersey 08608, 609-393-3469 or visit our website at www.tpanj.com.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Commissioners of
the Parking Authority of the City of Trenton
(A Component Unit of the City of Trenton, State of New Jersey)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Parking Authority of the City of Trenton (the "Authority") (a Component Unit of the City of Trenton, State of New Jersey) as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note L to the financial statements, the Authority completed a prior period restatement as a result of a correction in the calculation of the deferred outflows of resources for loss on refunding bonds. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, the standards applicable to financial audits contained in GAS, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAS and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

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

Required Supplementary Information

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The other supplementary information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements as a whole, on the basis of accounting as described in Note A.

Other Reporting Required by *Government Auditing Standards*

In accordance with GAS, we have also issued our report dated February 26, 2025, 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 other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GAS in considering the Authority's internal control over financial reporting and compliance.

Mercadieu, P.C.

Certified Public Accountants

February 26, 2025

BASIC FINANCIAL STATEMENTS

PARKING AUTHORITY OF THE CITY OF TRENTON
(A Component Unit of the City of Trenton, State of New Jersey)

STATEMENTS OF NET POSITION

	June 30,	
	2024	2023*
ASSETS		
Current unrestricted assets		
Cash and cash equivalents	\$ 651,245	\$ 636,688
Investments	222,365	296,476
Accounts receivable, net of allowance for doubtful accounts of \$99,736 in 2024 and \$105,107 in 2023	71,386	60,292
Prepaid expenses	44,633	44,792
Total current unrestricted assets	989,629	1,038,247
Current restricted assets		
Cash and cash equivalents		
Current debt service account	977,592	921,667
Reserve account	988,839	973,342
Renewal and replacement account	39,461	24,680
Subtotal	2,005,892	1,919,689
Investments	1,464,775	1,466,467
Total current restricted assets	3,470,668	3,386,156
Non-current assets		
Property and equipment, net	20,064,400	20,590,733
Construction in process	95,205	-
Total assets	\$ 24,619,901	\$ 25,015,136
DEFERRED OUTFLOWS OF RESOURCES		
Pension	\$ 45,341	\$ 66,527
OPEB	331,397	192,550
Loss on refunding of bonds	343,950	398,166
Total deferred outflows of resources	\$ 720,688	\$ 657,243

PARKING AUTHORITY OF THE CITY OF TRENTON
(A Component Unit of the City of Trenton, State of New Jersey)

STATEMENTS OF NET POSITION (CONTINUED)

	June 30,	
	2024	2023*
LIABILITIES		
Current liabilities payable from unrestricted assets		
Accounts payable	\$ 980,759	\$ 688,943
Accrued liabilities	180,796	125,024
Deferred revenue	350	750
Total current liabilities payable from unrestricted assets	<u>1,161,904</u>	<u>814,717</u>
Current liabilities payable from restricted assets		
Bonds payable - current portion	1,925,000	1,850,000
Accrued interest payable on bonds	124,436	141,282
Total current liabilities payable from restricted assets	<u>2,049,436</u>	<u>1,991,282</u>
Total current liabilities	<u>3,211,340</u>	<u>2,805,999</u>
Non-current liabilities		
Net pension liability	290,960	312,275
Total OPEB liability	822,508	760,000
Long-term portion of bonds payable	13,865,000	15,790,000
Unamortized bond premium	411,136	482,528
Total non-current liabilities	<u>15,389,604</u>	<u>17,344,803</u>
Total liabilities	<u>\$ 18,600,944</u>	<u>\$ 20,150,802</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	\$ 30,858	\$ 65,929
OPEB	630,894	659,901
Total deferred inflows of resources	<u>\$ 661,752</u>	<u>\$ 725,830</u>
NET POSITION		
Invested in capital assets, net of related debt	\$ 4,177,983	\$ 2,725,090
Restricted for:		
Debt service	3,431,207	3,361,476
Renewal and replacement	39,461	24,680
(Deficit)	<u>(1,570,758)</u>	<u>(1,315,498)</u>
Total net position	<u>\$ 6,077,893</u>	<u>\$ 4,795,748</u>

*Includes restatement of prior year values. See footnote L for additional information.

PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of the City of Trenton, State of New Jersey)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended June 30,	
	2024	2023*
Operating revenues		
Parking revenues	\$ 3,846,539	\$ 3,509,197
Rental income	28,000	28,000
Grant Revenues	30,291	-
Total revenues	3,904,830	3,537,197
Operating expenses		
General and administrative	1,613,201	1,184,454
Operating income before depreciation and amortization	2,291,629	2,352,743
Depreciation and amortization	647,096	616,058
Operating income	1,644,533	1,736,685
Non-operating revenues (expenses)		
Interest income	182,488	145,199
Interest expense	(542,232)	(607,655)
Miscellaneous income	-	334,388
Investment return	(2,645)	(10,128)
Total non-operating expenses	(362,388)	(138,196)
Changes in net position	1,282,145	1,598,490
Net position, beginning of year	4,795,748	-
Net position, beginning of year, restated	-	3,197,258
Net position, end of year	<u>\$ 6,077,893</u>	<u>\$ 4,795,748</u>

PARKING AUTHORITY OF THE CITY OF TRENTON
(A Component Unit of the City of Trenton, State of New Jersey)

STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2024	2023
Cash flows from operating activities		
Parking revenue	\$ 3,835,046	\$ 3,580,619
Rental income	28,000	28,000
Grant revenue	30,290	-
General and administrative expenses	(1,406,000)	(1,597,363)
Net cash from operating activities	<u>2,487,336</u>	<u>2,011,256</u>
Cash flows from investing activities		
Non-operating interest income	179,844	135,071
Investments purchased	75,802	305,377
Deposits	-	334,387
Net cash from investing activities	<u>255,646</u>	<u>774,835</u>
Cash flows from capital and related financing activities		
Repayment of borrowings	(1,850,000)	(1,780,000)
Non-operating interest expense	(559,079)	(623,755)
Purchases of property and equipment	(233,142)	(54,755)
Net cash from capital and related financing activities	<u>(2,642,221)</u>	<u>(2,458,510)</u>
Net increase in cash and cash equivalents	100,761	327,581
Cash and cash equivalents, beginning of year	2,556,376	2,228,795
Cash and cash equivalents, end of year	<u>\$ 2,657,138</u>	<u>\$ 2,556,376</u>
Cash and cash equivalents, unrestricted	\$ 651,245	\$ 636,688
Cash and cash equivalents, restricted	<u>2,005,892</u>	<u>1,919,689</u>
	<u>\$ 2,657,138</u>	<u>\$ 2,556,376</u>
Reconciliation of operating income to net cash from operating activities		
Operating income	\$ 1,644,533	\$ 1,736,685
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation and amortization	647,096	616,058
Changes in assets and liabilities		
Pension	(35,200)	(72,590)
OPEB	(105,346)	(86,096)
Accounts receivable	(11,094)	70,972
Prepaid expenses and deposits	160	1,082
Accounts payable	291,815	249,539
Accrued liabilities	55,771	(504,844)
Deferred revenue	(400)	450
Net cash from operating activities	<u>\$ 2,487,336</u>	<u>\$ 2,011,256</u>

PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of the City of Trenton, State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Parking Authority of the City of Trenton (the "Authority") was created to construct and operate parking facilities to serve the municipality of Trenton, New Jersey. The Authority collects its revenues from users of the facilities. The Authority is a component unit of the City of Trenton, New Jersey (the "City"), since it is financially accountable to the City.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America applicable to governmental proprietary-type funds. Revenues are recognized when earned and expenses are recognized when incurred.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles ("GAAP") are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider nonauthoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks and articles.

Operating Revenues and Expenses

The Authority's operating revenues consist of parking revenues, rental income and interest earned on unrestricted cash and investments. Operating expenses consist of costs related to parking service. All other revenues and expenses are reported as non-operating revenues and expenses.

Cash Equivalents

For the purpose of the statements of cash flows, cash equivalents and short-term investments are all highly liquid securities with original maturities of ninety days or less.

PARKING AUTHORITY OF THE CITY OF TRENTON
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NOTES TO FINANCIAL STATEMENTS

A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable, Net of Allowance for Doubtful Accounts

The Authority evaluates all accounts receivable on an annual basis. An allowance for doubtful accounts is set up by charging operating expense. Amounts are charged against the allowance for doubtful accounts when management believes that collectability of certain receivables are uncertain.

Property and Equipment and Depreciation

Property and equipment is stated at cost and is depreciated for financial reporting purposes on a straight-line basis over the estimated useful lives of the assets: 25-50 years for buildings, 10-30 years for improvements, 5-15 years for furniture and fixtures, and 5 years for automotive equipment. Repairs and maintenance expenditures which do not extend the useful lives of the related assets are expensed as incurred.

Income Taxes

As a public body, the Authority is exempt from both federal and state income taxes under existing statute.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Accounts

In accordance with the bond resolutions and trust agreements, the Authority has established various funds:

<u>Account</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Current debt service account	Amounts needed for accrued bond interest and principal due in the next succeeding fiscal year, as if such principal amounts accrued evenly throughout the year.	Interest and principal payments due on October 1 and April 1.
Reserve account	Amounts needed for maximum annual debt service.	Interest and principal payments not funded by current debt service accounts.
Renewal and replacement account	Withdrawals. Deposits by resolution only.	Authorized draws for costs and unusual or extraordinary maintenance or repairs, renewal and replacement of equipment, the acquisition of capital additions or improvements.

PARKING AUTHORITY OF THE CITY OF TRENTON
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NOTES TO FINANCIAL STATEMENTS

A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows include deferred amounts relating to pensions, other post-employment benefits ("OPEB"), and loss on refunding of bonds. Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period. Deferred inflows include deferred amounts relating to pensions and OPEB. Deferred inflows of resources are an increase in net position that is applicable to a future reporting period.

Deferred charges for defined benefit plans result from the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on plan investments, changes in the state's proportion of expenses and liabilities to the plans as a whole, differences between the Authority's plan contributions and its proportionate share of contributions, and the Authority's pension and OPEB contributions subsequent to the respective valuation measurement dates.

Pension

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), establishes standards for the measurement and reporting of the proportionate share of the net pension liability and pension expense. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System ("PERS"), and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note H for additional plan information.

Other Post-Employment Benefits ("OPEB") Other than Pensions

GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, replaced the requirements of GASB Statement No. 45, and established new accounting and financial reporting requirements for government OPEB plans. The Authority participates in a cost-sharing multiple-employer defined benefit plan sponsored by the State. The Authority records OPEB expense based on billings from the State. See Note I for additional plan information.

Net Position

Equity is classified as net position and displayed in three components:

- 1) Invested in Capital Assets, net of related debt - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - Amounts restricted for debt service and renewal and replacement as required per bond resolution.
- 3) Unrestricted - any other net position that does not meet the definition of "net investment in capital assets" or "restricted."

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NOTES TO FINANCIAL STATEMENTS

A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rounding

Some schedules in the financial statements may have dollar differences due to rounding adjustments.

B. CASH AND CASH EQUIVALENTS

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The first \$250,000 of governmental deposits in each insured depository are protected by the Federal Deposit Insurance Corporation ("FDIC") or the National Credit Union Share Insurance Fund ("NCUSIF"). Public funds in excess of the FDIC or NCUSIF insured amounts are protected by the Governmental Unit Deposit Protection Act ("GUDPA"). Protected public funds include those which are beneficially owned by the governmental unit and collected by it for its use or the use of the public. State and federally chartered banks, savings banks, savings and loan associations, and credit unions having their offices in New Jersey must be certified by the Department of Banking and Insurance (the "Department") for participation in the GUDPA system. GUDPA should not be relied on to protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

Each depository participating in the GUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million. The minimum 5% pledge applies to institutions that are categorized as "well capitalized" by federal banking standards. The percentage of the required pledge will increase for institutions that are less than "well capitalized."

No collateral is required for amounts covered by FDIC or NCUSIF insurance. The collateral which may be pledged to support these deposits includes obligations of the state and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department requires additional collateral to be pledged.

If a governmental depository fails and the FDIC or NCUSIF does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under GUDPA has ever lost protected deposits.

As of June 30, 2024 and 2023, the Authority's bank balances were exposed to custodial credit risk as follows:

	June 30,	
	2024	2023
Insured and Collateralized	\$ 500,000	\$ 500,000
Uninsured and Collateralized	2,262,694	2,117,759
Uninsured and Uncollateralized	1,340	447
Total	<u>\$ 2,764,034</u>	<u>\$ 2,618,205</u>

PARKING AUTHORITY OF THE CITY OF TRENTON
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NOTES TO FINANCIAL STATEMENTS

B. CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount covered by the FDIC. The Authority approves and designates the authorized depository institution based on evaluation of solicited responses and certifications provided by financial institutions.

Concentration of Credit Risk – This is the risk associated with the amount of investments the Authority has with any one issuer that exceeds five percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and the New Jersey Cash Management Fund are excluded from this requirement. None of the investments held by the Authority are exposed to concentration of credit risk.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Authority does not have an investment policy regarding credit risk, however, the Authority followed state statute and administrative code requirements for local government investments and had no investments that were subject to credit risks as of June 30, 2024 and 2023.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations. However, its practice is to hold investments to maturity.

C. INVESTMENTS

Investments consist of treasury obligations and taxable bonds. These investments are held by the Authority's custodial agent in an account for the Authority and are included in Unrestricted and Restricted Assets on the statements of net position and at fair value.

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

The table below presents the balances of investments measured at fair value on the statements of net position as of June 30, 2024 and 2023:

	June 30, 2024		June 30, 2023	
	Total	Level 1	Total	Level 1
Available for sale securities	<u>\$1,687,140</u>	<u>\$1,687,140</u>	<u>\$1,762,943</u>	<u>\$1,762,943</u>
Total	<u>\$1,687,140</u>	<u>\$1,687,140</u>	<u>\$1,762,943</u>	<u>\$1,762,943</u>

PARKING AUTHORITY OF THE CITY OF TRENTON
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NOTES TO FINANCIAL STATEMENTS

D. CONCENTRATION OF RISK

Revenues collected from the State were 83% and 83% of total parking revenues for the years ended June 30, 2024 and 2023, respectively. Any substantial decrease in these revenues could have a material adverse effect on the operations of the Authority. See footnote M for subsequent event regarding changes in revenues collected from the State.

E. SURCHARGE FEES

Effective July 1, 2020, the Authority revised its parking rates for monthly and daily parking. The revised rates included a 7% surcharge fee that is to be collected by the Authority and remitted to the City on a monthly basis. The City began enforcing its 7% parking surcharge fee on the Authority as authorized by Section 185 of the City Code and N.J.S.A. 40:48C-1.4. The Authority collected \$268,518 and \$245,020 in surcharge fees for the years ended June 30, 2024 and 2023, respectively. The full amount of fees collected in the current year and prior years remained in the accounts payable balance of \$936,362 and \$667,845 at June 30, 2024 and 2023, respectively.

F. PROPERTY AND EQUIPMENT

Property and equipment for the years ended June 30, 2024 and 2023, consists of the following:

	June 30, 2023	Additions	Disposals	June 30, 2024
Land	\$ 1,788,122	\$ -	\$ -	\$ 1,788,122
Buildings	26,460,016	-	-	26,460,016
Improvements	3,877,361	137,937	-	4,015,298
Furniture and fixtures	122,268	-	-	122,268
Subtotal	32,247,767	137,937	-	32,385,704
Less accumulated depreciation	(11,657,034)	(664,270)	-	(12,321,304)
Total property and equipment	<u>\$ 20,590,733</u>	<u>\$ (526,333)</u>	<u>\$ -</u>	<u>\$ 20,064,400</u>

	June 30, 2022	Additions	Disposals	June 30, 2023
Land	\$ 1,788,122	\$ -	\$ -	\$ 1,788,122
Buildings	26,460,016	-	-	26,460,016
Improvements	3,397,253	480,108	-	3,877,361
Furniture and fixtures	122,268	-	-	122,268
Subtotal	31,767,659	480,108	-	32,247,767
Less accumulated depreciation	(11,023,801)	(633,233)	-	(11,657,034)
Total property and equipment	<u>\$ 20,743,858</u>	<u>\$ (153,125)</u>	<u>\$ -</u>	<u>\$ 20,590,733</u>

Depreciation expense charged to operations was \$664,270 and \$633,233 for the years ended June 30, 2024 and 2023, respectively.

In addition to the net property and equipment noted in the table above, the Authority also had \$95,205 in construction in process at June 30, 2024. This amount consisted of cumulative invoiced project costs for an electrical upgrade project that were incomplete and included in improvements as of June 30, 2024.

In July 2012, the Authority closed its Broad and Front Street garage and relocated all parkers to other garages. At that time the garage was impaired and the remaining value of the building and improvements of \$3,503,307 was written down and a loss due to impairment. The garage remained closed through June 30, 2024, and is set for demolition after year end.

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NOTES TO FINANCIAL STATEMENTS

G. BONDS PAYABLE

The bonds are payable as to principal and interest from the fees, rentals or other charges derived by the Authority from the operation of its parking system and the full faith, credit and taxing power of the City. The City guarantees the payment of the bonds. Additionally, the bonds have been insured to guarantee payment of principal and interest.

The bonds mature annually through April 1, 2034.

Bond resolutions have been adopted by the Authority for the purpose of acquiring, constructing and making improvements to the parking facilities in the City. The following is a summary of revenue bonds outstanding:

Series	Issue Date	Interest Rates	Amount of Original Issue
Parking Revenue (Series 2013B)	3/7/2013	1.50%-4.00%	\$ 9,030,000
Parking Revenue Refunding (Series 2016A)	9/26/2016	1.50%-4.00%	3,735,000
Parking Revenue Refunding (Series 2016B)	9/26/2016	1.50%-4.00%	16,250,000
Parking Revenue (Series 2016B)	9/26/2016	1.50%-4.00%	715,000
Total			<u>\$ 29,730,000</u>

Series	June 30, 2023	Additions	Deletions	June 30, 2024
Parking Revenue Refunding (Series 2013B)	\$ 5,610,000	\$ -	\$ 440,000	\$ 5,170,000
Parking Revenue Refunding (Series 2016)	12,030,000	-	1,410,000	10,620,000
Subtotal	17,640,000	-	1,850,000	15,790,000
Less current portion	1,850,000	1,925,000	1,850,000	1,925,000
Bonds payable, net of current portion	<u>\$ 15,790,000</u>	<u>\$ (1,925,000)</u>	<u>\$ -</u>	<u>\$ 13,865,000</u>

Series	June 30, 2022	Additions	Deletions	June 30, 2023
Parking Revenue Refunding (Series 2013B)	\$ 6,030,000	\$ -	\$ 420,000	\$ 5,610,000
Parking Revenue Refunding (Series 2016)	13,390,000	-	1,360,000	12,030,000
Subtotal	19,420,000	-	1,780,000	17,640,000
Less current portion	1,780,000	1,850,000	1,780,000	1,850,000
Bonds payable, net of current portion	<u>\$ 17,640,000</u>	<u>\$ (1,850,000)</u>	<u>\$ -</u>	<u>\$ 15,790,000</u>

Total maturities of bonds are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 1,925,000	\$ 490,917	\$ 2,415,917
2026	1,945,000	445,048	2,390,048
2027	2,010,000	397,884	2,407,884
2028	2,085,000	321,610	2,406,610
2029	2,175,000	240,820	2,415,820
2030-2034	5,650,000	446,538	6,096,538
Totals	<u>\$ 15,790,000</u>	<u>\$ 2,342,816</u>	<u>\$ 18,132,816</u>

PARKING AUTHORITY OF THE CITY OF TRENTON
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NOTES TO FINANCIAL STATEMENTS

G. BONDS PAYABLE (CONTINUED)

Refunding Bond Issues

In March 2013, the Authority issued \$19,295,000 in Series 2013A and \$9,030,000 in Series 2013B Parking Revenue Refunding Bonds which advance refunded Series 2001 bonds in the amount of \$18,840,000 and Series 2003 bonds in the amount of \$8,460,000. The Series 2013A and 2013B were guaranteed by the City of Trenton. The net proceeds of \$28,204,066 (after payment of \$493,652 in underwriting fees, insurance and other issuance costs) were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all scheduled interest and principal payments on the Series 2001 Parking Revenue Refunding Bonds and 2003 Parking Revenue Bonds up to and including April 1, 2030 and October 1, 2033, respectively. The Series 2013A Bonds were subsequently refunded through the Series 2016A refunding bond. The portions of Series 2013B Bonds that remain outstanding and maturing on or after October 1, 2023, are subject to redemption on or after October 1, 2022.

As a result of the 2013 advance refunding, the Authority decreased its total debt service requirement by \$1,475,484, which resulted in a debt service reduction (difference between present value of the debt service payments on the old and new debt) of \$1,068,668. In addition, the Authority recorded a deferred loss on defeasance of \$904,066, principally representing the difference between the carrying value of the refunded bonds and the re-acquisition price. This loss on defeasance is being amortized on a straight-line basis over the life of the new debt. Amortization expense for both of the years ended June 30, 2024 and 2023, was \$19,005.

In September 2016, the Authority issued \$3,735,000 in Series 2016A and \$16,965,000 in Series 2016B Parking Revenue and Refunding Bonds (consisting of \$16,250,000 Parking Revenue Refunding Bonds and \$715,000 Parking Revenue Bonds). The Series 2016A and 2016B were guaranteed by the City of Trenton. The Series 2016A were issued to provide funds to be used, together with other available funds of the Authority, to refund \$3,585,000 of the Authority's outstanding 2006 bonds and pay the costs of issuing the Series 2016A Bonds. The Series 2016B were issued to provide funds to be used, together with other available funds of the Authority, to refund \$16,655,000 of the Authority's outstanding Series 2013A Refunding Bonds, finance certain capital improvements to the Authority's garages, and pay the costs of issuing the Series 2016B Bonds. The Series 2016A and 2016B Bonds were issued at a premium of \$940,498. Bond premium amortization income for both of the years ended June 30, 2024 and 2023, was \$71,391. The net proceeds of \$21,429,457 (after payment of \$413,041 in underwriting fees, insurance and other issuance costs) were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all scheduled interest and principal payments on the Series 2013A Parking Revenue Refunding Bonds and 2006 Parking Revenue Refunding Bonds up to and including April 1, 2030 and October 1, 2033, respectively. The Series 2016A Bonds maturing prior to October 1, 2027, are not subject to optional redemption prior to their stated maturities. The Series 2016A Bonds maturing on or after October 1, 2027, shall be subject to redemption, at the option of the Authority, prior to their stated maturity dates, as a whole or in part (in order of maturity determined by the Authority and by lot within a maturity) at any time on or after October 1, 2026, upon notice, as provided in the General Bond Resolution, at 100% of the principal amount of the Bonds redeemed, plus accrued interest thereon, if any, to the date fixed for redemption.

PARKING AUTHORITY OF THE CITY OF TRENTON
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NOTES TO FINANCIAL STATEMENTS

G. BONDS PAYABLE (CONTINUED)

Refunding Bond Issues (Continued)

The Series 2016B Bonds maturing prior to April 1, 2027, are not subject to optional redemption prior to their stated maturities. The Series 2016B Bonds maturing on or after April 1, 2027, shall be subject to redemption, at the option of the Authority, prior to their stated maturity dates, as a whole or in part (in order of maturity determined by the Authority and by lot within a maturity) at any time on or after April 1, 2026, upon notice, as provided in the General Bond Resolution, at 100% of the principal amount of the Bonds redeemed, plus accrued interest thereon, if any, to the date fixed for redemption.

As a result of the 2016 advance refunding, the Authority decreased its total debt service requirement by \$1,204,601, which resulted in a debt service reduction (difference between present value of the debt service payments on the old and new debt) of \$849,942. In addition, the Authority recorded a deferred loss on defeasance of \$439,457, principally representing the difference between the carrying value of the refunded bonds and the re-acquisition price. This loss on defeasance is being amortized on a straight-line basis over the life of the new debt. Amortization expense for both of the years ended June 30, 2024 and 2023, was \$35,211.

Refunded bonds outstanding in escrow at June 30, 2024 and 2023, are comprised of the following:

Issue	Principal Amount Outstanding June 30, 2024	Principal Amount Outstanding June 30, 2023
2016 Series A Refunding		
Parking Revenue (Refunded Series 2006)	\$ 2,510,000	\$ 2,685,000
2016 Series B Refunding		
Parking Revenue (Refunded Series 2013A)	8,090,000	9,300,000
2013 Series B Refunding		
Parking Revenue (Refunded Series 2003)	5,170,000	5,610,000
	<u>\$ 15,770,000</u>	<u>\$ 17,595,000</u>

PARKING AUTHORITY OF THE CITY OF TRENTON
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NOTES TO FINANCIAL STATEMENTS

H. PENSION PLAN

Plan Description and Benefits

The Authority contributes to the Public Employees' Retirement System ("PERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). The state-administered funds were established by an Act of the State Legislature that assigns the authority to establish and amend benefit provisions to the plan's board of trustees. PERS issues a publicly available financial report that includes financial statements and required supplementary information. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for PERS. That report may be obtained by writing to PERS and is also available on the State of New Jersey website.

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

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

Contributions

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

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NOTES TO FINANCIAL STATEMENTS

H. PENSION PLAN (CONTINUED)

Contributions (Continued)

Covered employees are required by PERS to contribute 7.5% of their annual compensation. The Authority is required by State statute to contribute the remaining amounts necessary to pay benefits when due. Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan. To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedule of pension amounts by employer and non-employer. The allocation percentages for each group as of the plan year ended June 30, 2024, are based on the ratio of each employer's contributions to total employer contributions of the group for the plan year ended June 30, 2023.

The Authority is billed annually for its normal contribution plus any accrued liability. The contributions to PERS from the Authority were \$28,316 and \$27,544 for the years ended June 30, 2024 and 2023, respectively. The Authority's covered payroll was \$140,000 and \$152,500 for the years ended June 30, 2024 and 2023, respectively.

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

At June 30, 2024 and 2023, the Authority had a liability of \$290,960 and \$312,275 for its proportionate share of the net pension liability, respectively. The net pension liabilities at June 30, 2024 and 2023, respectively, were measured as of the plan years ended June 30, 2023 and 2022, respectively. The total pension liabilities used to calculate the net pension liability were determined by the actuarial valuations rolled forward as of those measurement dates. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members of the plan, actuarial determined. At the plan measurement dates of June 30, 2023 and 2022, the Authority's proportion was 0.002009% and 0.002069%, respectively, which was a decrease of 0.000060% and 0.000012%, respectively, from its proportion measured as of June 30, 2022 and 2021, respectively. For the plan years ended June 30, 2023 and 2022, the Authority recognized a total pension benefit from the proportionate share calculations of (\$7,580) and (\$72,590), respectively. At June 30, 2024 and 2023, the Authority reported deferred outflows and inflows of resources as follows:

	June 30, 2024		June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,782	\$ 1,189	\$ 2,254	\$ 1,988
Changes in assumptions	639	17,633	968	46,760
Net difference between projected and actual earnings on pension plan investments	1,340	-	12,925	-
Changes in proportion	12,264	12,036	22,836	17,181
Authority contributions subsequent to the measurement date	28,316	-	27,544	-
	<u>\$ 45,341</u>	<u>\$ 30,858</u>	<u>\$ 66,527</u>	<u>\$ 65,929</u>

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NOTES TO FINANCIAL STATEMENTS

H. PENSION PLAN (CONTINUED)

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

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

<u>Plan years ending June 30,</u>	<u>Amount</u>
2024	\$ (15,362)
2025	(8,574)
2026	11,982
2027	(2,144)
2028	36
	<u>\$ (14,062)</u>

The previous amounts do not include employer-specific deferred outflows of resources and deferred inflows of resources related to changes in proportion and Authority contributions subsequent to the measurement date. These amounts should be recognized (amortized) by the Authority over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21 and 5.63 years for 2023, 2022, 2021, 2020, 2019 and 2018, respectively.

Actuarial Assumptions

The total pension liability for the plan year ended June 30, 2023, measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The total pension liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. Both valuations use the following actuarial assumptions:

	<u>Plan year June 30, 2023</u>	<u>Plan year June 30, 2022</u>
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases (based on years of service):		
All Years	2.75-6.75%	2.75-6.75%
Investment rate of return	7.00%	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. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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NOTES TO FINANCIAL STATEMENTS

H. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at plan years June 30, 2023 and June 30, 2022), is determined by the state Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of plan years ended June 30, 2023 and 2022, are summarized in the following table:

Asset Class	Target Allocation	Plan Year 2023
		Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real assets	8.00%	8.58%
Real estate	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.13%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%
	<u>100.00%</u>	

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NOTES TO FINANCIAL STATEMENTS

H. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Plan Year 2022
		Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	3.00%	7.60%
Real estate	8.00%	11.19%
High yield	2.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	8.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	5.00%	1.75%
Risk mitigation strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of plan years June 30, 2023 and 2022. 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 non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the Authority as of June 30, 2024 and 2023, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2024		
At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
<u>\$ 381,962</u>	<u>\$ 290,960</u>	<u>\$ 218,047</u>
June 30, 2023		
At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
<u>\$ 404,580</u>	<u>\$ 312,275</u>	<u>\$ 238,616</u>

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NOTES TO FINANCIAL STATEMENTS

I. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") OTHER THAN PENSIONS

General Information About the OPEB Plan

The Authority participates in the State Health Benefit Local Government Retired Employees Plan (the "Plan") which is a cost-sharing multiple-employer defined benefit other post-employment benefit ("OPEB") plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Post-employment Benefits Other Than Pensions* ("GASB Statement No. 75"); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' annual financial statements, which can be found at:
<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

Further, the law provides that the employer-paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post-retirement medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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NOTES TO FINANCIAL STATEMENTS

I. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") OTHER THAN PENSIONS (CONTINUED)

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022.

Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2024 and 2023, are as follows:

	June 30, 2024	June 30, 2023
Total OPEB liability	\$ 816,098	\$ 757,239
Plan Fiduciary Net Position	(6,411)	(2,761)
Net OPEB Liability	<u>\$ 822,508</u>	<u>\$ 760,000</u>
 Plan Fiduciary Net Position as a % of total OPEB liability	 -0.79%	 -0.36%

The total OPEB liability as of plan year June 30, 2023, was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The total OPEB liability as of plan year June 30, 2022, was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	Plan year June 30, 2023	Plan year June 30, 2022
PERS Salary Increases (based on years of service):		
All future years	2.75-6.75%	2.75-6.75%

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NOTES TO FINANCIAL STATEMENTS

I. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") OTHER THAN PENSIONS (CONTINUED)

Net OPEB Liability (Continued)

Mortality rates were based on the Pub-2010 General classification headcount weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale.

Actuarial assumptions used in the July 1, 2022, valuation were based on the results of the PERS experience study prepared for July 1, 2018 to June 30, 2021. Actuarial assumptions used in the July 1, 2021, valuation were based on the results of the PERS experience study prepared for July 1, 2018 to June 30, 2021.

One-hundred percent of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for plan year June 30, 2023 and 2022, was 3.65% and 3.54%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the collective net OPEB liability of the participating employers as of June 30, 2024 and 2023, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

At June 30, 2024		
At 1% Decrease (2.65%)	At Current Discount Rate (3.65%)	At 1% Increase (4.65%)
\$ 952,727	\$ 822,508	\$ 717,768
At June 30, 2023		
At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
\$ 880,993	\$ 760,000	\$ 662,650

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NOTES TO FINANCIAL STATEMENTS

I. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") OTHER THAN PENSIONS (CONTINUED)

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

The following presents the net OPEB liability as of June 30, 2024 and 2023, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

At June 30, 2024		
At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
<u>\$ 699,035</u>	<u>\$ 822,508</u>	<u>\$ 980,592</u>
At June 30, 2023		
At 1% Decrease	Healthcare Cost Trend Rate	At 1% Increase
<u>\$ 644,731</u>	<u>\$ 760,000</u>	<u>\$ 907,627</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 75 requires participating employers recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The Authority's proportionate share of the collective net OPEB liability as of June 30, 2024 and 2023, was 0.005481% and 0.004706%, respectively.

At June 30, 2024 and 2023, the amount recognized as the Authority's proportionate share of the net OPEB liability was \$822,508 and \$760,000, respectively. For the years ended June 30, 2024 and 2023, the Authority recognized a total pension benefit from the proportionate share calculations of (\$78,652) and (\$86,096), respectively. At June 30, 2024 and 2023, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows:

	June 30, 2024		June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 37,930	\$ 223,366	\$ 39,247	\$ 140,872
Changes in Assumptions	106,546	232,497	101,425	259,373
Net Difference Between Projected and Actual Investment Earnings	-	136	200	-
Changes in Proportion	186,921	174,895	51,678	259,656
	<u>\$ 331,397</u>	<u>\$ 630,894</u>	<u>\$ 192,550</u>	<u>\$ 659,901</u>

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NOTES TO FINANCIAL STATEMENTS

I. OTHER POST-EMPLOYMENT BENEFITS ("OPEB") OTHER THAN PENSIONS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Plan Years Ending June 30,</u>	<u>Amount</u>
2024	\$ (8,391,327)
2025	380,696
2026	1,665,894
2027	2,257,827
2028	1,281,648
Thereafter	2,493,740
	<u>\$ (311,523)</u>

The previous amounts do not include employer-specific deferred outflows of resources and deferred inflows of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.89, 7.82, 7.82, 7.87, 8.05 and 8.14 years for the 2023, 2022, 2021, 2020, 2019 and 2018 amounts, respectively.

J. ADOPTION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The GASB has issued Statement No. 87, "*Leases*." This statement was required to be adopted by the Authority for the year ended June 30, 2022. The Authority has evaluated the new standard and determined none of the existing leases are impacted by the standard, therefore, there are no adjustments or disclosures necessary.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*." This statement is required to be adopted by the Authority for the year ended June 30, 2022. The adoption of this statement had no effect on previously reported amounts.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations*." This statement is required to be adopted by the Authority for the year ended June 30, 2023. The adoption of this statement had no effect on previously reported amounts.

The GASB has issued Statement No. 93, "*Replacement of Interbank Offered Rates*." This statement was required to be adopted by the Authority for the year ended June 30, 2022. The adoption of this statement had no effect on previously reported amounts.

The GASB has issued Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*." This statement is required to be adopted by the Authority for the year ended June 30, 2023. The adoption of this statement had no effect on previously reported amounts.

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NOTES TO FINANCIAL STATEMENTS

J. ADOPTION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS (CONTINUED)

The GASB has issued Statement No. 96, "*Subscription-Based Information Technology Arrangements*." This statement is required to be adopted by the Authority for the year ended June 30, 2023. The adoption of this statement had no effect on previously reported amounts.

The GASB has issued Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB No. 32*." This statement was required to be adopted by the Authority for the year ended June 30, 2022. The adoption of this statement had no effect on previously reported amounts.

The GASB has issued Statement No. 98, "*The Annual Comprehensive Financial Report*." This statement was required to be adopted by the Authority for the year ended June 30, 2022. The adoption of this statement had no effect on previously reported amounts.

The GASB has issued Statement No. 100, "*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*." This statement is required to be adopted by the Authority for the year ending June 30, 2024. The Authority has implemented Statement No. 100. See footnote L for additional detail on the effect on the financial statements.

K. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The GASB has issued Statement No. 101, "*Compensated Absences*." This statement is required to be adopted by the Authority for the year ending June 30, 2025. The Authority has not determined the effect of Statement No. 101 on the financial statements.

The GASB has issued Statement No. 102, "*Certain Risk Disclosures*." This statement is required to be adopted by the Authority for the year ending June 30, 2025. The Authority has not determined the effect of Statement No. 102 on the financial statements.

The GASB has issued Statement No. 104, "*Disclosure of Certain Capital Assets*." This statement is required to be adopted by the Authority for the year ending June 30, 2026. The Authority has not determined the effect of Statement No. 102 on the financial statements.

L. PRIOR PERIOD RESTATEMENT

As a result of an internal review of the Authority's deferred outflows of resources for loss on refunding bonds, during the current fiscal year, the Authority determined that the loss had been calculated in error due to certain values from the issuance being excluded, the incorrect period of amortization being determined and certain write-offs of losses on prior refunding bonds defeased by the current issuance. The error resulted in an overstatement of the deferred outflows of resources asset for loss on refunding bonds and the invested in capital assets net of related debt net position. Accordingly, the Authority restated its financial statements for the year ended June 30, 2022, the earliest period included in the financial statements. The effect of the restatement decreased the Authority's net position for 2023 and 2022 by \$295,011 and \$322,988, respectively.

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NOTES TO FINANCIAL STATEMENTS

L. PRIOR PERIOD RESTATEMENT (CONTINUED)

The full effect of the restatement is detailed in the tables below.

		June 30,	
	2022	Adjustment	2022 Restated
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of bonds	\$ 775,370	(322,987)	\$ 452,383
Pension	64,457	-	64,457
OPEB	205,228	-	205,228
Total deferred outflows of resources	<u>\$ 1,045,055</u>	<u>\$ (322,987)</u>	<u>\$ 722,068</u>
NET POSITION			
Invested in capital assets, net of related debt	\$ 1,813,280	\$ (322,987)	\$ 1,490,292
Restricted for:			
Debt service	3,435,879	-	3,435,879
Renewal and replacement	24,599	-	24,599
(Deficit)	<u>(1,753,512)</u>	<u>-</u>	<u>(1,753,512)</u>
Total net position	<u>\$ 3,520,246</u>	<u>\$ (322,987)</u>	<u>\$ 3,197,258</u>
		June 30,	
	2023	Adjustment	2023 Restated
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding of bonds	\$ 693,177	(295,011)	\$ 398,166
Pension	66,527	-	66,527
OPEB	192,550	-	192,550
Total deferred outflows of resources	<u>\$ 952,254</u>	<u>\$ (295,011)</u>	<u>\$ 657,243</u>
NET POSITION			
Invested in capital assets, net of related debt	\$ 3,020,101	\$ (295,011)	\$ 2,725,090
Restricted for:			
Debt service	3,361,476	-	3,361,476
Renewal and replacement	24,680	-	24,680
(Deficit)	<u>(1,315,498)</u>	<u>-</u>	<u>(1,315,498)</u>
Total net position	<u>\$ 5,090,759</u>	<u>\$ (295,011)</u>	<u>\$ 4,795,748</u>

M. SUBSEQUENT EVENTS

In September 2024, the Authority received \$207,165 of insurance proceeds on a claim related to electrical damage repair costs caused by vandalism at the hotel and garage at Lafayette Yard.

As of October 1, 2024, the State discontinued the monthly lease of approximately 360 of their parking spaces in the Lafayette and Liberty Commons garages. The monthly value of these spaces totals approximately \$55,000 in revenue. This revenue loss represents roughly 17% of the Authority's annual revenues, however, this loss has been mitigated by other new State leases as well as individual leases. The result of this change does not result in a going concern as daily parker revenues and new agreements have been established to replace the revenues lost.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

PARKING AUTHORITY OF THE CITY OF TRENTON

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SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.002009%	0.002069%	0.002081%	0.002107%	0.001865%	0.001887%	0.002311%	0.003006%	0.003442%	0.003557%
Authority's proportionate share of the net pension liability	\$ 290,960	\$ 312,275	\$ 246,516	\$ 343,663	\$ 336,064	\$ 371,609	\$ 538,066	\$ 890,295	\$ 772,739	\$ 665,913
Authority's covered-employee payroll	140,000	152,500	152,500	152,500	142,034	121,586	132,536	160,136	189,831	222,126
Authority's proportionate share of the net pension liability as a percentage of payroll	207.83%	204.77%	161.65%	225.35%	236.61%	305.63%	405.98%	555.96%	407.07%	299.79%
Total pension liability	\$ 843,830	\$ 848,990	\$ 839,851	\$ 831,011	\$ 773,816	\$ 800,831	\$ 1,036,734	\$ 1,487,216	\$ 996,262	\$ 1,389,659
Plan fiduciary net position	552,870	536,715	590,979	487,347	437,771	429,222	498,669	596,921	477,489	723,745
Plan fiduciary net position as a percentage of the total pension liability	65.52%	63.22%	70.37%	58.65%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 26,848	\$ 26,094	\$ 24,370	\$ 23,054	\$ 18,142	\$ 18,773	\$ 21,413	\$ 26,705	\$ 29,595	\$ 29,321
Contributions in relation to the contractually required contribution	28,316	27,544	25,877	24,631	19,799	20,469	23,900	28,575	31,015	30,732
Authority's covered-employee payroll	140,000	152,500	152,500	152,500	142,034	121,586	132,536	160,136	189,831	222,126
Contributions as a percentage of covered-employee payroll	20.23%	18.06%	16.97%	16.15%	13.94%	16.83%	18.03%	17.84%	16.34%	13.84%

Notes to the Required Supplementary Information

- There were no benefit changes.
- The discount rate changed from the measurement date of June 30, 2014, of 5.39% to 4.90% as of the measurement date of June 30, 2015.
- The discount rate changed from the measurement date of June 30, 2015, of 4.90% to 3.98% as of the measurement date of June 30, 2016.
- The discount rate changed from the measurement date of June 30, 2016, of 3.98% to 5.00% as of the measurement date of June 30, 2017.
- The discount rate changed from the measurement date of June 30, 2017, of 5.00% to 5.66% as of the measurement date of June 30, 2018.
- The discount rate changed from the measurement date of June 30, 2018, of 5.66% to 6.28% as of the measurement date of June 30, 2019.
- The discount rate changed from the measurement date of June 30, 2019, of 6.28% to 7.00% as of the measurement date of June 30, 2020.
- The discount rate was unchanged from the measurement date of June 30, 2020, of 7.00% to the measurement date of June 30, 2021.
- The discount rate was unchanged from the measurement date of June 30, 2021, of 7.00% to the measurement date of June 30, 2022.
- The discount rate was unchanged from the measurement date of June 30, 2022, of 7.00% to the measurement date of June 30, 2023.
- The discount rate was unchanged from the measurement date of June 30, 2023, of 7.00% to the measurement date of June 30, 2024.

PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of the City of Trenton, State of New Jersey)

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the total OPEB liability	0.005481%	0.004706%	0.004737%	0.004798%	0.004471%	0.005794%	0.005719%	0.007373%
Authority's proportionate share of the total OPEB liability (asset)	\$ 822,508	\$ 760,000	\$ 852,650	\$ 861,078	\$ 605,645	\$ 907,724	\$ 1,167,579	\$ 1,601,229
Authority's covered-employee payroll	140,000	152,500	152,500	152,500	142,034	121,586	132,536	160,136
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	587.5%	498.4%	559.1%	564.6%	426.4%	746.6%	881.0%	999.9%
Plan fiduciary net position as a percentage of the total OPEB liability	-0.36%	-0.36%	0.28%	0.91%	1.98%	1.97%	1.03%	0.69%
	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 100,443	\$ 117,033	\$ 134,269	\$ 130,856	\$ 121,276	\$ 133,411	\$ 131,376	\$ 135,119
Contributions in relation to the contractually required contribution	100,443	117,033	134,269	130,856	121,276	133,411	131,376	135,119
Authority's covered-employee payroll	140,000	152,500	152,500	152,500	142,034	121,586	132,536	160,136
Contributions as a percentage of covered-employee payroll	71.7%	76.7%	88.0%	85.8%	85.4%	109.7%	99.1%	84.4%

The above OPEB schedules are intended to show information for ten years. The State of New Jersey has issued eight years of OPEB information to the Authority. Additional years' information will be displayed as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of the City of Trenton, State of New Jersey)

SCHEDULE OF OPERATING REVENUES, EXPENSES AND COSTS FUNDED BY OPERATING REVENUES

	Years Ended	
	June 30, 2024	June 30, 2023
Revenues		
Parking revenues	\$ 3,846,539	\$ 3,509,197
Rental income	28,000	28,000
Grant income	30,291	-
Non-operating revenues	179,844	469,458
Total revenues	<u>\$ 4,084,674</u>	<u>\$ 4,006,655</u>
Expenses		
Payroll	\$ 576,286	\$ 482,573
Heat, light and water	95,952	108,730
Facilities maintenance	486,194	190,037
Laundry and uniforms	5,414	125
Insurance	228,672	222,610
Telephone	8,468	10,627
Office expenses	53,881	47,124
Fringe benefits	(81,325)	(19,584)
Professional fees	101,868	101,207
Consulting fees	61,409	29,811
Travel, meetings and workshops	483	1,448
Miscellaneous expenses	4,176	4,336
Bad debt recovery	4,720	5,410
Total expenses	<u>1,546,199</u>	<u>1,184,454</u>
Interest expense - bonds	542,232	607,655
Other costs funded by operating revenues		
Principal maturity	1,850,000	1,780,000
Capital outlays	233,142	54,755
Unreserved retained earnings	(86,899)	379,791
Total costs funded by operating revenues	<u>\$ 4,084,674</u>	<u>\$ 4,006,655</u>

PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of the City of Trenton, State of New Jersey)

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2024

Finding 2024-001

Criteria

Management is responsible for establishing and maintaining effective internal control over financial reporting and compliance with applicable N.J.S.A. and N.J.A.C. requirements.

Condition

- During testing of contracts and disbursements, documentation viewed did not contain purchase orders, certificates of available funds and related support demonstrating the necessary review and written approval by management prior to the ordering of goods or services.
- A written capitalization policy has not been established.
- A process to determine not-to-exceed amounts on open-ended contracts and certification of available funds has not been established.
- A process to review accounting estimates such as amortization income and expense, allowance for doubtful accounts and depreciation expense for reasonableness and any changes in the estimates made or needed to be made as compared to prior years.

Cause

Untimely adoption of annual budget, inadequate segregation of duties and lack of policies and procedures.

Effect

Over or understatement of account balances and noncompliance with N.J.A.C. or N.J.S.A. 40A requirements.

Recommendation

- We recommend that the Authority establish and implement written internal control policies and procedures to utilize sequentially numbered purchase requisitions and/or purchase orders.
- We recommend the Authority establish a written capitalization policy.
- We recommend the Authority establish a written purchasing and contracting policy.
- We recommend the Authority establish a written accounting estimates policy.

Management's Response

Management has reviewed the finding and is in agreement. A corrective action plan will be completed within forty-five days.

PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of the City of Trenton, State of New Jersey)

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year Ended June 30, 2024

Finding 2023-001

Condition

- During testing of contracts and disbursements, documentation viewed did not contain purchase orders, certificates of available funds and related support demonstrating the necessary review and written approval by management prior to the ordering of goods or services.
- A written capitalization policy has not been established.
- A process to determine not-to-exceed amounts on open-ended contracts and certification of available funds has not been established.

Status

These conditions still exist as current year finding 2024-001.

PARKING AUTHORITY OF THE CITY OF TRENTON

(A Component Unit of the City of Trenton, State of New Jersey)

ROSTER OF OFFICIALS (UNAUDITED)

As of June 30, 2024

AUTHORITY COMMISSIONERS	POSITION
Anne LaBate	Chairperson
Evangeline Ugorji	Vice-Chairperson
Lindi Ashton	Commissioner
Joseph Mamman	Commissioner
Scott A. Rice	Commissioner
Samuel Tompoe	Commissioner
Nancy Ugalde	Commissioner

**INDEPENDENT AUDITORS' 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**

To the Commissioners of
the Parking Authority of the City of Trenton
(A Component Unit of the City of Trenton, State of New Jersey)

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Parking Authority of the City of Trenton (the "Authority") as of and for the year ended June 30, 2024, and the related notes to financial statements, which comprise the Authority's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 26, 2025.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the current year findings and recommendations as item 2024-001, that we consider to be a material weakness.

**INDEPENDENT AUDITORS' 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
(CONTINUED)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as item 2024-001.

Authority's Response to Findings and Recommendations

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of current year findings and recommendations. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercadieu, P.C.

Certified Public Accountants

February 26, 2025