Parking Authority
of the City of Paterson, NJ

Financial Statements

Years Ended
December 31, 2023 and 2022

Parking Authority
of the City of Paterson, NJ

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December 31, 2023 and 2022

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Parking Authority of the City of Paterson, NJ
Management's Discussion and Analysis (MD&A)
December 31, 2023

Introduction

The management of the Parking Authority of the City of Paterson, NJ (the 'Authority') offers this overview and analysis of the financial activities of the Authority for the years ended December 31, 2023 and 2022. This document should be read and considered in conjunction with the audited financial statements and the notes thereto, which immediately follow this section, in order to enhance the understanding of the Authority's financial performance.

Overview of Financial Statements

This annual report consists of three parts: *Management's Discussion and Analysis* (this section), *Basic Financial Statements, and Required Supplementary Information*. The financial statements also include notes that explain information in the financial statements in more detail. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These financial statements offer short-term and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private sector company.

Basic Financial Statements

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

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

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

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

Financial Highlights and Comparative Information

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

Condensed Statement of Net Position

	December 31, 2023	December 31, 2022
Assets and Deferred Outflows		
Current Assets	$ 13,114,087	$ 8,118,582
Capital Assets, Net	23,588,658	24,048,899
Other Non-Current Assets	26,598,890	28,245,051
Total Assets	63,301,635	60,412,532
Deferred Outflows	1,991,428	1,486,913
Liabilities and Deferred Inflows		
Current Liabilities	2,137,264	2,882,282
Non-current Liabilities	18,498,495	19,447,201
Total Liabilities	20,635,759	22,329,483
Deferred Inflows	31,376,003	33,799,517
Net Position		
Net invested in capital assets	10,688,589	9,986,704
Restricted	7,982,882	3,678,059
Unrestricted	(5,390,170)	(7,894,318)
Total Net Position	$ 13,281,301	$ 5,770,445

The Statement of Net Position presents the financial position of the Authority at the end of its fiscal year. A more detailed Statement of Net Position appears in the Authority's financial statements.

Current Assets

Current assets as of December 31, 2023 were $13,114,087, and consists of cash of $9,305,528, accounts receivable of $1,511,621, the current portion of lease receivable of $1,723,170 and prepaid expenses of $101,149.

Current Liabilities

Current liabilities totaled $2,237,624 and consists primarily of accounts payable and accrued expenses of $882,363, Deposit on sale of capital asset of $0, the current portion of lease obligation of $62,601, and the current portion of bond interest and principal of $147,300 and $1,045,000, respectively.

Non-Current Liabilities

The non-current liabilities consist primarily of bonds payable, net of the current portion. As of December 31, 2023, the non-current portion of the bonds payable was $11,855,000.

Capital Assets, Net

As part of its mission, the Authority is committed to the development and renewal of its capital assets in order to meet the needs of the people and businesses of the City of Paterson.

Assets that are capitalized will be depreciated over their estimated useful lives. Depreciation will be calculated on the straight-line basis, with no salvage value.

Depreciation expense for the year ended December 31, 2023 was $644,589.

A comparative summary of capital assets is as follows:

	December 31,	
	2023	2022
Land	$ 6,020,369	$ 6,152,256
Parking meters	730,071	730,071
Vehicles	322,023	301,475
Equipment	1,379,620	1,379,620
Furniture and fixtures	55,797	55,797
Construction in progress	5,825,274	5,529,255
Commercial rental improvements	1,177,319	1,177,319
Parking facilities and improvements	25,809,552	30,644,855
Total Capital assets	41,320,025	45,970,648
Less: Accumulated depreciation	17,731,367	21,921,749
Net Capital Assets	$ 23,588,658	$ 24,048,899

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

Comparative revenues, expenses and changes in net position are summarized below. Refer to the Authority's financial statements for the complete Statement of Activities.

	Years Ended December 31,	
	2023	2022
Operating Revenues	$ 7,421,172	$ 7,108,177
Non-operating Revenues	5,391,416	467,018
Total Revenues	12,812,588	7,575,195
Operating Expenses	4,798,796	4,302,433
Depreciation expense	644,589	666,603
Pension expense, net GASB 68 adjustment	(392,401)	(554,504)
OPEB expense, net GASB 75 adjustment	(478,635)	(343,865)
Non-Operating Expenses	729,383	697,223
Total Expenses	5,301,732	4,767,890
Increase in Net Position	$ 7,510,856	$ 2,807,305

Statement of Revenues, Expenses and Changes in Net Position

The statement of Revenues, Expenses, and Changes in Net Position presents the Authority's results of operations. The Authority also includes supplemental information regarding details of revenue and expenses as it relates to the adopted authority budget. Refer to the Authority's financial statements for the complete listing. Total operating revenues of the Authority for the year ended December 31, 2023 were $7,421,172.

Revenue 2023

Off-street parking revenue represented 61% of total revenues. Parking contracts represented 19% of total revenues. Meter collections represented 10% of total revenues and commercial rent from the Public Safety Complex represented 5% of total revenues.

Expenses 2023

Total expenses for the year were $5,301,732. Operating expenses totaled $4,572,349 and non-operating expenses totaled $729,383. This resulted in net operating income of $7,510,856. General operating expenses represented 41% of the costs, staff represented 29%, depreciation expense represented 12%, and administrative expense represented 18%.

Net Position

As of December 31, 2023, the Authority's financial position reflects total assets and deferred outflows of resources of $65,293,063 while total liabilities and deferred inflows of resources totaled $52,011,762, resulting in a net position of $13,281,301. The Authority experienced an increase in Net Position for the year ended December 31, 2023 of $7,510,856, which is more than the increase of $2,807,305 for the year ended December 31, 2022. The increase in Net Position was more than 2022, primarily due to the increase of a capital grant of $1,000,000 and the gain on sale of capital asset of $3,681,497.

Budgetary Highlights

The Authority prepares and submits an annual operating budget to the State of New Jersey, which approves the budgets for adoption by the Authority prior to the beginning of the fiscal year. The schedule of operating revenues and expenses compared to budget is included on page 51 of the financial statements.

Economic Factors that will affect the Future

Financial Condition

The overall financial position of the Authority improved compared with 2022, primarily due to the increase in revenue resulting from the continuation of the reopening of schools and businesses subsequent to the Covid 19 Pandemic. Net Position of the Authority increased by $7,510,856 for the year ended December 31, 2023. The management of the Authority is working diligently to contain costs and exploring ways to increase revenue.

Future Economic Outlook

The local economy is continuing to rebound from the effects of COVID-19. Parking demand is slowly increasing, with the expectation that it will continue to increase as people continue to return to their offices and schools. Schools and other key businesses are now open, which should result in an increased demand for parking. The Authority expects to meet all its financial obligations in the coming year. Parking demand and revenue is expected to continue to increase in the immediate future.

Accountability

The Authority's mission statement is to provide parking in the City of Paterson. This is accomplished by maintaining parking meters, off-street parking lots, and parking garages throughout the City. The Authority is always responsive to the publics' need while in compliance with the applicable laws, rules and regulations and will continue to set and exceed the standards for the provision of parking, while operating the most efficient system and maintaining a cost-effective budget. As a parking authority, the Authority is also guided by or accountable to state government and the applicable rules and regulations that govern the Parking Authority. More specifically, the Authority is accountable to the State of New Jersey, Department of Community Affairs, Division of Local Government Services, and Bureau of Authority Regulation.

Contacting the Authority's Financial Management

This financial report is designed to provide our customers and clients, New Jersey citizens, and our investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability as a self-supporting entity. If you have questions about the report or need additional information, you can contact the Parking Authority of the City of Paterson, NJ, at 125 Broadway, Paterson, NJ 07505 or visit our web site at www.PatersonParking.org.

Burns Draeger Humphries
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Honorable Members of the Board of Commissioners
Parking Authority of the City of Paterson, NJ
Paterson, NJ

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Parking Authority of the City of Paterson, NJ ("the Authority"), which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2023 and 2022, 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.

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.

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 Government Auditing Standards, 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, and
- 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, timing of the audits, significant audit findings, and certain control-related matters identified during the audits.

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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

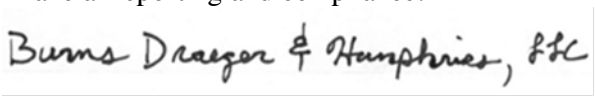
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The 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 auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Burns, Draeger & Humphries, LLC

Florham Park, NJ
November 22, 2024

Burns Draeger Humphries
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

Honorable Members of the Board of Commissioners
The Parking Authority of the City of Paterson, NJ
Paterson, NJ

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Parking Authority of the City of Paterson, NJ (the "Authority"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 22, 2024.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

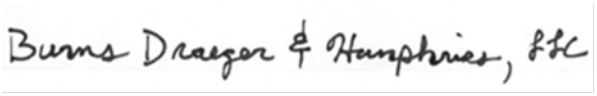
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Burns, Draeger & Humphries, LLC

Florham Park, NJ
November 22, 2024

Parking Authority
of the City of Paterson, NJ

Statements of Net Position

December 31, 2023 and 2022

Parking Authority
of the City of Paterson, NJ

Statements of Net Position

December 31, 2023 and 2022

ASSETS

	2023	2022
Current assets		
Cash and cash equivalents	$ 1,057,973	$ 1,220,359
Accounts receivable, net	1,511,621	1,139,855
Leases receivable, current portion	1,723,170	1,815,520
Prepaid assets	101,149	11,795
Mortgage receivable	472,619	-
Restricted deposits held by Trustees	8,247,555	3,931,053
Total current assets	13,114,087	8,118,582
Noncurrent assets		
Right-of-use lease assets, net	61,321	122,641
Prepaid financing costs, net	257,360	289,060
Capital assets, net	23,588,658	24,048,899
Leases receivable, net of current portion	26,280,209	27,833,350
Total noncurrent assets	50,187,548	52,293,950
Total assets	63,301,635	60,412,532
Deferred outflows of resources		
Deferred outflows related to pensions	144,907	227,594
Deferred outflows related to OPEB	1,846,521	1,259,319
Total deferred outflow of resources	1,991,428	1,486,913
Total assets and deferred outflows of resources	$ 65,293,063	$ 61,899,445

See accompanying notes to financial statements.

Parking Authority
of the City of Paterson, NJ

Statements of Net Position

December 31, 2023 and 2022

LIABILITIES AND NET POSITION

	2023	2022
Current liabilities		
Payable from unrestricted assets		
Accounts payable	$ 403,303	$ 174,194
Accrued expenses and payroll taxes	355,345	627,358
Compensated absences	123,715	107,808
Deposit on sale of capital asset	-	600,000
Payable from restricted assets		
Current portion of bonds payable	1,045,000	1,160,000
Accrued interest payable	147,300	151,183
Operating lease obligation, current portion	62,601	61,739
Total current liabilities	2,137,264	2,882,282
Long term liabilities		
Bonds payable, net of current portion	11,855,069	12,902,195
Lease obligation, net of current portion	-	62,602
Security deposits	10,410	880
Net pension obligation	1,862,437	1,921,857
Net OPEB obligation	4,770,579	4,559,667
Total long term liabilities	18,498,495	19,447,201
Total liabilities	20,635,759	22,329,483
Deferred inflows of resources		
Deferred inflows related to pensions	490,668	906,336
Deferred inflows related to OPEB	3,616,528	3,718,873
Deferred inflows related to leases	27,268,807	29,174,308
Total deferred inflows of resources	31,376,003	33,799,517
NET POSITION		
Invested in Capital Assets, net of related debt	10,688,589	9,986,704
Restricted for debt service	4,289,646	3,484,593
Restricted for construction	1,149,498	172,522
Restricted for renewal and replacement	2,543,738	20,944
Unreserved	(5,390,170)	(7,894,318)
Total net position	13,281,301	5,770,445
Total liabilities and net position	$ 65,293,063	$ 61,899,445

See accompanying notes to financial statements.

Parking Authority
of the City of Paterson, NJ

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Off street parking revenue	$ 4,529,791	$ 4,326,720
On street parking meters	770,488	685,756
Other operating revenue	2,120,893	2,095,701
Total operating revenues	7,421,172	7,108,177
Operating Expenses		
Administrative expenses	975,206	860,863
Salaries and wages	1,573,578	1,345,614
General expenses	2,250,012	2,095,956
Depreciation expense	644,589	666,603
Pension expense, net - GASB 68 adjustment	(392,401)	(554,504)
OPEB expense, net - GASB 75 adjustment	(478,635)	(343,865)
Total operating expenses	4,572,349	4,070,667
Operating income	2,848,823	3,037,510
Non-operating Revenues (Expenses)		
Capital grant	1,000,000	-
Gain on sale of capital asset	3,681,497	-
Interest earned on leases	397,314	423,170
Interest earned on investments	306,709	37,952
Amortization of bond premium	5,896	5,896
Amortization of bond discounts	(2,176)	(3,062)
Amortization of bond insurance costs	(33,294)	(33,294)
Interest expense on bonds payable	(693,913)	(660,867)
Total non-operating revenues (expenses)	4,662,033	(230,205)
Change in Net Position	7,510,856	2,807,305
Net Position, beginning of year	5,770,445	2,963,140
Net Position, end of year	$ 13,281,301	$ 5,770,445

See accompanying notes to financial statements.

Parking Authority
of the City of Paterson, NJ

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Receipts from customers	$ 6,789,396	$ 6,490,264
Payments to suppliers	(3,348,366)	(3,275,330)
Payments to employees	(1,557,671)	(1,327,528)
Net Cash Provided by Operating Activities	1,883,359	1,887,406
Cash Flows from Capital and Related Financing Activities		
Change in restricted deposits held by trustees	(4,316,502)	942,212
Purchase of capital assets	(184,349)	(1,809,988)
Principal payments on long term debt	(1,160,000)	(1,100,000)
Interest paid on long term debt	(697,795)	(646,546)
Capital grant	1,000,000	-
Cash received on sale of capital asset	2,608,878	600,000
Net Cash Used in Financing Activities	(2,749,768)	(2,014,322)
Cash Flows from Investing Activities		
Interest income	704,023	461,122
Net Change in Cash and Cash Equivalents	(162,386)	334,206
Cash and Cash Equivalents, beginning of period	1,220,359	886,153
Cash and Cash Equivalents, end of period	$ 1,057,973	$ 1,220,359

See accompanying notes to financial statements.

Parking Authority
of the City of Paterson, NJ

Statements of Cash Flows

(continued)

Years Ended December 31, 2023 and 2022

	2023	2022
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities		
Income from Operations	$ 2,848,823	$ 3,037,510
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation	644,589	666,603
Lease amortization	61,320	61,320
Changes in operating assets and liabilities		
Accounts receivable	(371,766)	(331,581)
Leases receivable	1,645,491	1,936,256
Prepaid assets	(89,354)	(792)
Accounts payable	229,109	(296,155)
Accrued expenses and payroll taxes	(272,013)	(21,995)
Compensated absences	15,907	18,086
Leases payable	(61,740)	(60,889)
Security deposits	9,530	-
Net pension liability	(59,420)	143,602
Net OPED liability	210,912	(385,953)
Deferred outflows of resources for pension	82,687	(49,598)
Deferred outflows of resources for OPED	(587,202)	(75,153)
Deferred inflow resources for pension	(415,668)	(648,508)
Deferred inflow resources for OPED	(102,345)	117,241
Deferred inflow resources for leases	(1,905,501)	(2,222,588)
Net Cash Provided by Operating Activates	$ 1,883,359	$ 1,887,406

See accompanying notes to financial statements.

Parking Authority of the City of Paterson, NJ

Notes to Financial Statements

December 31, 2023

1. Organization and Summary of Significant Accounting Policies

Reporting Entity

The Parking Authority of the City of Paterson, NJ (the "Authority") is a public body organized and existing under the provisions of Parking Authority Law of the State of New Jersey of 1948, New Jersey Statutes Annotated 40:11A. The Authority was created on October 7, 1948 by an ordinance of the Board of Public Works of the City of Paterson to develop, operate, maintain and improve parking facilities within the City of Paterson.

Pursuant to the mandates of the "Local Authorities Fiscal Control Law" (N.J.S.A. 40A:5-1 et seq.), the Authority is considered an independent entity, and is required to submit audited financial statements, on an annual basis, to the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Although the Authority's members are appointed by the Governing Body of the Township, the legal form of the Authority is that it is not financially accountable to the Township and no service contract with the City of Paterson exists for specific services to be performed. As a result, the financial statements of the Authority are not included in those of the City of Paterson.

The Authority owns and operates twenty parking facilities in the City of Paterson.

The Board of Commissioners of the Authority consists of seven members, two of which are appointed by the Mayor of the City of Paterson and five of which are appointed by the City Council of the City of Paterson.

As a public body, under existing statute, the Authority is exempt from Federal, State and Local taxes.

Component Unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, and GASB Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

1. Organization and Summary of Significant Accounting Policies (continued)

Component Unit (continued)

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority has no component units and is not included in any other reporting entity.

Basis of Presentation

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method expenses are recorded when the related liability is incurred.

The accounting policies of the Authority are required to conform to the accounting principles applicable to local authorities, which have been prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Authority is required to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America.

1. Organization and Summary of Significant Accounting Policies (continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Parking fees are recognized as revenue when services are provided.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. State and federal grants for the operation of the Authority are considered operating revenues. Transactions or other events that are both unusual in nature and infrequent in occurrence are reported as extraordinary items.

Budgets and Budgetary Accounting

The Authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute for approval. After approval by the New Jersey Department of Community Affairs, it is formally adopted by resolution by the Authority’s Board of Commissioners. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense, bond premiums, and the annual required contribution for the Authority's Other Postemployment Benefits (“OPEB”) Plan are not included in the budget appropriations.

1. Organization and Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

The legal level of budgetary control is established at the detail shown on the Comparative Statements of Revenues, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority did not adopt an amending budget resolution during the year.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States, or the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Inventory

The costs of inventories are deemed immaterial and are recognized as expenses when purchased rather than when consumed. The Authority does not record inventory on its statement of net position.

1. Organization and Summary of Significant Accounting Policies (continued)

Accounts Receivable

During the normal course of business, the Authority grants unsecured credit to customers whom consist of governmental institutions and commercial users of the Authority's parking facilities. The Authority determines the allowance for doubtful accounts based on management's evaluation of anticipated collectability of outstanding accounts and past collection experience. At December 31, 2023 and 2022 the allowance amount was $1,000 and $1,000, respectively.

Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

Restricted Deposits Held by Trustees

Certain assets are classified as restricted on the statement of net position because they are maintained in separate bank accounts and their use is limited by the various Bond Resolutions as amended and supplemented thereto.

Restricted deposits held by trustees are recorded in the financial statements at fair value, which is based on quoted market price and consist of cash and cash equivalents. Investment income is recorded on an accrual basis. Realized and unrealized gains and losses are reported in investment income.

Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

Construction costs are charged to construction in progress until such time as they are completed, at which time they are transferred to their respective asset category and are then depreciated over their useful lives.

Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Parking meters	5 Years
Vehicles	5 Years
Equipment	5-7 Years
Furniture and fixtures	10 Years
Commercial rental improvements	40 Years
Parking facilities and improvements	15-40 Years

1. Organization and Summary of Significant Accounting Policies (continued)

Valuation of Long-Lived Assets

The Authority reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Concentration of Credit Risk

At December 31, 2023 and 2022, one customer accounted for approximately 84% and 88% of accounts receivable, respectively. For the years ended December 31, 2023 and 2022, one customer accounted for approximately 18% and 21% of total operating revenue.

Revenue Recognition

Operating Revenues

Operating revenue is recognized when services are performed. The Authority generates revenue by offering daily/hourly parking in its facilities. Patrons have the ability to purchase monthly parking at Authority garages. The Authority controls all on-street meters within the City limits. Lease revenue is earned by leasing space within the Authority garages, surface lots, and retail space within the Public Safety office complex. The Authority has several parking management agreements with private entities in Paterson for which the Authority manages and operates their parking facilities for a management fee, which is recorded when earned on a monthly basis.

Non-Operating Revenues

Non-operating revenues consist of interest income on investments, gains on sale of capital assets, amortization of bond premiums, grant revenue under a agreement with the city of Paterson. Interest income is recognized when earned and is accrued if unpaid. Grant revenue is recognized to the extent that expenditures have been incurred for the purpose specified by the granter during the period. Gains on capital assets are recognized when the sale price of the capital asset exceeds the net book value of the asset and are recognized on the date of sale.

Prepaid Financing Costs

Bond insurance costs are amortized on a straight-line basis over the term of the related bond.

Bond Discount and Premiums

Discounts and premiums are amortized on a straight-line basis over the term of the related bond.

1. Organization and Summary of Significant Accounting Policies (continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey State Employees' Retirement System plan ("PERS") and the 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.

Post-employment Benefits Other Than Pensions ("OPEB")

For purposes of measuring the Authority's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Health Benefits Local Government Retired Employees Plan ("SHBP") and additions to/deductions from SHBP's fiduciary net position have been determined on the same basis as they are reported by SHBP. For this purpose, SHBP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Advertising

The Authority expenses advertising costs as they are incurred. Advertising costs expensed for the year ended December 31, 2023 and 2022 was $15,075 and $16,950.

Deferred Outflows and Inflows of Resources

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

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

The Authority's deferred outflows are a result of its participation in the OPEB plan and pension plan. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes. The Authority's deferred inflows are a result of its participation in the OPEB plan, pension plan and lease obligations.

1. Organization and Summary of Significant Accounting Policies (continued)

Compensated Absences

Sick leave, personnel time, compensatory time and salary related payments are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the Authority will compensate the employee for the benefits.

Deferred Revenue

The Authority's deferred revenue primarily consists of the prepayment of rent by tenants applicable to future periods.

Net Position

Net Investment in Capital Assets

Net investment in capital assets, consist of capital assets of the projects owned and operated by the Authority less accumulated depreciation and debt associated with the projects.

Restricted

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted

This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.” This component includes net position that may be allocated for specific purposes by the Board of Commissioner

Revenue and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenses include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. State and federal grants for the operation of the Authority are considered operating revenues. Transactions or other events that are both unusual in nature and infrequent in occurrence are reported as extraordinary items.

1. Organization and Summary of Significant Accounting Policies (continued)

Lease Revenue

The Authority leases property to tenants for commercial use in the City of Paterson. The Authority's leasing activities consist of the rental of building space and parking spaces and lots under non-cancelable leases expiring through fiscal year 2117. Lease revenue under leases is recognized based on the terms of the lease contracts and a lease receivable and deferred inflow of resources is recognized at the inception of the lease at the net present value of the lease. Payments are applied against the lease receivable and interest earned on the lease is recognized in other operating revenues. The deferred inflow of resources related to the lease receivable is amortized over the life of the lease on a straight-line basis.

2. Cash, Cash Equivalents and Investments

Cash and cash equivalents consist primarily of cash deposits and treasury money market funds. The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Share Insurance Fund (NCUSIF) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Authority is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to 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 lessor of 75% of its capital funds or $200 million for all deposits not covered by the FDIC.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2023 and 2022, all of the Authority's bank deposits were fully insured or collateralized.

Bank balances are insured up to $250,000 in the aggregate by the FDIC or NCUSIF for each bank. At December 31, 2023 and 2022, the book value of the Authority's deposits was $9,269,041 and $5,122,595, respectively, and bank balances of the Authority's cash and deposits amounted to $9,305,528 and $5,151,412, respectively.

The Authority's deposits which are displayed on the statement of net position as "cash and cash equivalents" are categorized as:

	2023	2022
Depository Account		
Insured:		
Restricted	$ 8,247,555	$ 3,931,053
Unrestricted	1,021,486	1,191,542
Total	$ 9,269,041	$ 5,122,595

2. Cash, Cash Equivalents and Investments (continued)

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. The standard of prudence to be used by the Authority shall be the "prudent person" standard which states: Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

The above standard is established as the standard for professional responsibility and shall be applied in the context of managing the Authority's overall portfolio. At December 31, 2023 and 2022, the Authority's cash and cash equivalents and investments representing greater than 5% of their portfolio were a US Government money market fund, which totaled $8,247,555 and $3,931,053, respectively.

3. Restricted Deposits Held by Trustees

Restricted deposits held by trustees represent assets held by financial institutions, under the terms of various obligations. The restricted deposits held by trustees under bond indenture agreements are maintained for the following:

	2023	2022
Bond Reserve Fund 2004 Bonds	$ 639,735	$ 611,506
Bond Service Fund 2004 Bonds	1,645,245	1,042,410
Renewal and Replacement Reserve	2,543,738	20,944
1972 Construction Account	94,714	90,535
Debt Service Reserve Fund 2005 Bonds	1,359,121	1,299,148
Construction Account 2008B Bonds	4,345	4,154
Debt Service Reserve Fund 2008B Bonds	400,805	383,119
Sub Operating Expense Fund 2008 Bonds	244,740	148,410
Reserve Account Fund 2008 Bonds	252,401	241,264
General Fund	12,272	11,730
Ward Street Demolition Fund	1,050,439	77,833
Total Restricted Deposits Held by Trustees	$ 8,247,555	$ 3,931,053

Investments consist of US Government money market funds.

3. Restricted Deposits Held by Trustees (continued)

Fair Value Information

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

The table below presents the balances of investments measured at fair value on the statements of net position as of December 31, 2023 and 2022:

		2023		
Investment Type	Total	Level 1	Level 2	Level 3
Money market funds	$8,247,555	$8,247,555	$ -	$ -

		2022		
Investment Type	Fair Value	Level 1	Level 2	Level 3
Money market funds	$3,931,053	$3,931,053	$ -	$ -

4. Capital Assets

Capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

	Balance December 31, 2022	Additions	Retirements	Balance December 31, 2023
Land	$ 6,152,256	$ -	$ (131,887)	$ 6,020,369
Parking meters	730,071	-	-	730,071
Vehicles	301,475	20,548	-	322,023
Equipment	1,379,620	-	-	1,379,620
Furniture and fixtures	55,797	-	-	55,797
Construction in progress	5,529,255	296,019	-	5,825,274
Commercial rental improvements	1,177,319	-	-	1,177,319
Parking facilities and improvements	30,644,855	-	(4,835,303)	25,809,552
Total Capital assets	45,970,648	316,567	(4,967,190)	41,320,025
Less: Accumulated depreciation	21,921,749	-	(4,190,382)	17,731,367
Net Capital Assets	$ 24,048,899	$ 316,567	$ (776,808)	$ 23,588,658

4. Capital Assets (continued)

	Balance December 31, 2021	Additions	Retirements	Balance December 31, 2022
Land	$ 6,152,256	$ -	$ -	$ 6,152,256
Parking meters	730,071	-	-	730,071
Vehicles	301,475	-	-	301,475
Equipment	1,379,620	-	-	1,379,620
Furniture and fixtures	55,797	-	-	55,797
Construction in progress	3,719,268	1,809,987	-	5,529,255
Commercial rental improvements	1,177,319	-	-	1,177,319
Parking facilities and improvements	30,644,855	-	-	30,644,855
Total Capital assets	44,160,661	1,809,987	-	45,970,648
Less: Accumulated depreciation	21,255,146	666,603	-	21,921,749
Net Capital Assets	$ 22,905,515	$1,143,384	$ -	$ 24,048,899

Depreciation expense included as a charge to operations for years ended December 31, 2023 and 2022 was $644,589 and $666,603, respectively.

5. Right of Use Assets

The Authority leases parking lots for use in the Authority's operation. Aggregate rental payments for the current year amounted to $63,000.

The respective lease terms for these leasehold interests in commercial property are over one year in length and are subject to GASB Statement No. 87. A lease liability is recognized for the total discounted present value of the future lease payments. A right-to-use asset is also recognized in an amount equivalent to the initial measurement of the lease liability. The Authority used the incremental borrowing rate for its Series 2018 refunding bonds to discount the lease payments to recognize the right of use asset and lease payable. The borrowing rate used was 1.38725%. Interest expense and lease amortization expense are recognized over the life of each respective leasehold interest.

As of December 31, 2023 and 2022 the lease liability was $62,602 and $124,341, respectively. The right-to-use lease asset was $61,321 and $122,641 as of December 31, 2023 and 2022, respectively. Interest expense related to leases was $1,261 and $2,111 for the years ended December 31, 2023 and 2022, respectively. Lease Amortization expense is calculated based on the straight-line method over the term of each respective leasehold interest and was $61,320 for both years ended December 31, 2023 and 2022.

5. Right of Use Assets (continued)

Future expected lease payments are summarized in the following table:

Year Ending December 31,	Principal	Interest	Total
2024	$ 62,601	$ 399	$ 63,000

6. Leases Receivable and Deferred Inflows of Resources

The Authority leases office space, parking space, and parking lots to 10 tenants in Paterson, New Jersey under various non-cancellable lease agreements which expire between June 2023 and August 2120. Monthly payments range from approximately $1,000 to $116,000 over the course of the leases. The leases include options to renew.

The Authority used the incremental borrowing rate for its Series 2018 refunding bonds to discount the lease payments to recognize the lease receivable and deferred inflows of resources. The borrowing rate used was 1.38725%.

The Authority leases receivable, deferred inflows of resources related to leases, lease revenue, and interest revenue related to leases as of and for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Lease receivable	$28,003,379	$29,648,870
Deferred inflows of resources - leases	$27,268,807	$29,174,308
Lease revenue	$ 2,077,946	$ 2,222,587
Interest revenue related to leases	$ 397,314	$ 423,170

Interest revenue related to leases is included as a component of other revenue in the statements of revenues, expenses, and changes in net position.

6. Leases Receivable and Deferred Inflows of Resources (continued)

Aggregate principal maturities and interest on leases receivable are as follows as of December 31, 2023:

Year Ending December 31,	Principal	Interest	Amount
2024	$ 1,723,170	$ 379,329	$ 2,102,499
2025	1,648,741	355,212	2,003,953
2026	1,677,471	331,253	2,008,724
2027	1,666,524	307,084	1,973,608
2028	1,429,837	284,233	1,714,070
2029-2033	6,871,804	1,137,269	8,009,073
2034-2038	2,831,953	738,220	3,570,173
2039-2043	(122,987)	708,107	585,120
2044-2048	(82,644)	715,192	632,548
2049-2053	(29,645)	719,077	689,432
2054-2058	27,515	719,255	746,770
2059-2063	92,252	715,054	807,306
2064-2068	174,126	705,816	879,942
2069-2073	262,265	690,829	953,094
2074-2078	361,180	669,162	1,030,342
2079-2083	483,117	639,899	1,123,016
2084-2088	614,357	602,043	1,216,400
2089-2093	760,708	554,316	1,315,024
2094-2098	937,864	495,450	1,433,314
2099-2103	1,128,434	424,072	1,552,506
2104-2108	1,339,894	338,442	1,678,336
2109-2113	1,592,489	236,823	1,829,312
2114-2118	1,864,086	117,334	1,981,420
2119-2123	750,868	9,144	760,012
	$ 28,003,379	$ 12,592,615	$ 40,595,994

7. Deferred Bond Insurance Costs

The Authority incurred bond insurance costs in relation to the issuance of revenue bonds. These amounts have been capitalized and are being amortized over the life of the bonds. Bond insurance cost for the years ended December 31, 2023 and 2022 totaled $33,294 for both years. Amortization expense for the years ended December 31, 2023 and 2022 totaled $2,174 and $3,062, respectively..

8. Long-Term Liabilities

As of December 31, 2023 and 2022, bonds payable consists of the following:

	2023	2022
The Parking Authority of the City of Paterson, NJ Parking Revenue Refunding Bond, Series 2018, issued October 1, 2018 in the amount of $3,495,000. Series bonds in the amount of $3,495,000, bearing interest at rates of 3.60 per annum until April 1, 2019, and then Libor plus 1.15%, adjustable semi-annually, not to exceed 10%. Payable semi-annually, with principal due in various installments annually through 2028. The bonds are secured by the Authority's net revenue, as defined in the bond indentures. The bonds were issued to fully refund the Authority's Series 2008B Tax Exempt Bonds.	$ 2,065,000	$ 2,395,000
The Parking Authority of the City of Paterson, NJ Series 2004C Tax Exempt Revenue Bonds, issued January 15, 2004 in the amount of $2,495,000. Series bonds in the amount of $1,305,000, bearing interest at rates of 2.0% to 3.625%, payable semi-annually, with principal due in various installments annually through 2015. Term bonds in the amount of $1,190,000, bearing interest at rates of 4.0% to 4.35%, principal due through October 2023. The bonds are secured by the Authority's net revenue, as defined in the bond indentures.	-	170,000
The Passaic County Improvement Authority, Series 2005A Tax Exempt Parking Facility Revenue Bonds, issued May 15, 2005 in the amount of $14,535,000. Series bonds in the amount of $6,600,000, bearing interest at rates of 3.1% to 4.25%, payable semi-annually, with principal due in various installments annually through 2024. Term bonds in the amount of $7,935,000, bearing interest at rates of 4.5% to 5.0%, principal due through April 2035. The bonds are secured by the Authority's net revenue, as defined in the bond indentures.	8,480,000	9,000,000

8. Long-Term Liabilities (continued)

	2023	2022
The Passaic County Improvement Authority, Series 2005B Taxable Parking Facility Revenue Bonds, issued May 15, 2005 in the amount of $3,835,000. Series bonds in the amount of $555,000, bearing interest at rates of 4.54% to 5.1%, payable semi-annually, with principal due in various installments annually through 2015. Term bonds in the amount of $3,280,000, bearing interest at rates of 5.25% to 5.375%, principal due through April 2035. The bonds are secured by the Authority's net revenue, as defined in the bond indentures.	$ 2,355,000	$ 2,495,000
	12,900,000	14,060,000
Less: Current Portion	(1,045,000)	(1,160,000)
Less: Unamortized original issue discount	(26,280)	(29,152)
Add: Unamortized original issue premium	26,349	31,347
Long term debt, net of current portion	$11,855,069	$12,902,195

The following is a schedule of future minimum principal and interest payments on the Authority's long term debt as of December 31, 2024:

Year Ending December 31,	Principal	Interest	Amount
2024	$ 1,045,000	$ 585,568	$ 1,630,568
2025	1,105,000	541,823	1,646,823
2026	1,165,000	495,050	1,660,050
2027	1,230,000	445,680	1,675,680
2028	1,305,000	393,420	1,698,420
2029-2033	4,780,000	1,208,334	5,988,334
2034-2035	2,270,000	113,644	2,383,644
	$ 12,900,000	$ 3,783,519	$16,683,519

Total interest expense incurred on long-term debt totaled $693,913 and $660,867 for the years ended December 31, 2023 and 2022, respectively.

8. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

The Authority's long-term liability activity for the years ended December 31, 2023 and 2022 are as follows:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Due Within One Year
Revenue bonds					
Serial bonds	$ 12,900,000		$1,045,000	$ 11,855,000	$1,045,000
Add: unamortized premium	31,347	-	4,998	26,349	-
Less: unamortized discount	(29,152)	-	(2,872)	(26,280)	-
Total revenue bonds - net	12,902,195	-	1,047,126	11,855,069	1,045,000
Lease obligation, net of current portion	124,341	-	124,341	-	62,601
Security deposits	880	-	(9,530)	10,410	-
Net pension obligation	1,921,857	-	59,420	1,862,437	-
Net OPEB obligation	4,559,667	-	(210,912)	4,770,579	-
Total long term liabilities, net	$ 19,508,940	$ -	$1,010,445	$ 18,498,495	$1,107,601

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Due Within One Year
Revenue bonds					
Serial bonds	$ 14,060,000	$ -	$1,160,000	$ 12,900,000	$1,160,000
Add unamortized premium	37,243	-	5,896	31,347	-
Less: unamortized discount	(32,214)	-	(3,062)	(29,152)	-
Total revenue bonds - net	14,065,029	-	1,162,834	12,902,195	1,160,000
Lease obligation, net of current portion	124,341.00	-	61,739	62,602	61,739
Security deposits	880	-	-	880	-
Net pension obligation	1,778,255	-	(143,602)	1,921,857	-
Net OPEB obligation	4,945,620	-	385,953	4,559,667	-
Total long term liabilities, net	$ 20,914,125	$ -	$1,466,924	$ 19,447,201	$1,221,739

9. Pension Plan

All eligible employees of the Authority are covered by the Public Employees' Retirement System (PERS), a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Department of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/financial-reports.shtml.

Plan Description

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

Benefits Provided

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

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

9. Pension Plan (continued)

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

Employer and Employee Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Contributions to PERS from the Authority were $200,747 and $180,459 for the years ended December 31, 2023 and 2022, respectively.

Covered employees are required by PERS to contribute 7.5% of their annual compensation. Employee contributions to PERS were $83,517 and $74,089 for the years ended December 31, 2023 and 2022, respectively.

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

At December 31, 2023 and 2022, the Authority reported a liability of $1,862,437 and $1,921,857, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportionate share 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, actuarially determined. At June 30, 2023, the Authority's proportion was 0.0129070677%, which was a decrease of 0.0159319959% from its proportion measured as of June 30, 2022. For the year ended December 31, 2023 and 2022 the Authority recognized pension expense of ($191,654) and ($378,270), respectively. The Authority reported deferred outflows and inflows of resources as follows:

9. Pension Plan (continued)

	2023		2022	
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	$ 17,807	$ 7,613	$ 13,871	$ 12,232
Changes of assumptions	4,091	112,872	5,955	287,778
Net difference between projected and actual earnings on pension plan investments	8,577	-	79,544	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	16,524	370,183	-	606,326
Authority contributions subsequent to the measurement date	97,908	-	128,224	-
Total	$ 144,907	$ 490,668	$ 227,594	$ 906,336

$97,908 represents the deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date (the plan measurement date is June 30, 2023) which is not recognized as a reduction of the net pension liability in the year ended December 31, 2023.

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

Year Ending December 31,	PERS (Local Group)	Authority Share
2024	(764,720,743)	(484,682)
2025	(426,837,788)	(270,531)
2026	596,477,249	378,049
2027	(106,745,928)	(67,656)
2028	1,815,483	1,151
	$ (700,011,727)	$ (443,669)

9. Pension Plan (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

	2023	2022
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases:	2.75 - 6.55% based on years of service	2.75 - 6.55% based on years of service
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.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) 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 June 30, 2023 are summarized in the following table:

9. Pension Plan (continued)

Actuarial Assumptions (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-U.S. developed market equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging market equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment grade credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. treasuries	4.00%	3.31%
Risk mitigation strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

9. Pension Plan (continued)

Discount Rate (continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Authority's proportionate share of the net pension liability measured as of December 31, 2023 and 2022, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the net pension liability (local group) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	2023		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	$ 2,245,822	$ 1,862,437	$ 1,536,480

	2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	$ 2,304,701	$ 1,921,857	$ 1,596,404

Pension plan fiduciary net position

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

The Authority provides post-employment health care benefits as part of the State Health Benefit Local Government Retired Employees Plan.

10. Other Post-Employment Benefits (OPEB)

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan), 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/or the Postemployment 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' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

The Plan provides medical and prescription drug benefits 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 postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and 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 negotiation agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement providing 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.

In 1992, the Authority authorized participation in the SHPB’s post-retirement benefit program through a resolution dated November 11, 1992. The Authority currently provides lifetime medical benefits to employees who retire on a paid pension after twenty-five years of pension service.

10. Other Post-Employment Benefits (OPEB) (continued)

General Information about the OPEB Plan (continued)

Funding Policy: Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Authority on a monthly basis. The Authority pays the entire cost of the health premiums for retirees on a pay-as-you-go basis.

The Authority's contributions to SHBP for the years ended December 31, 2023 and 2022, were $79,517 and $77,135, respectively, which equaled the required contributions for each year. There were approximately five retired participants eligible at both December 31, 2023 and 2022.

Total OPEB Liability

At December 31, 2023 and 2022, the Authority reported a liability of $1,862,437 and $1,921,857, respectively, for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2023, the Authority's proportion was .031790 percent which was an increase of .028234 percent from its proportion measured as of June 30, 2022. For the year ended December 31, 2023, the Authority recognized OPEB benefit of $392,401. At December 31, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflow of Resources	Deferred Inflows of Resources	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	$ 219,994	$ 1,295,533	$ 235,467	$ 845,170
Changes of assumptions	617,969	1,348,490	608,508	1,556,130
Net difference between projected and actual earnings on pension plan investments		787	1,200	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,008,558	971,718	414,144	1,317,573
Total	$ 1,846,521	$ 3,616,528	$ 1,259,319	$ 3,718,873

10. Other Post-Employment Benefits (OPEB) (continued)

Total OPEB Liability (continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Year Ending December 31,	Authority Share
2024	$ (530,184)
2025	(434,254)
2026	(234,924)
2027	(110,124)
2028	(222,290)
Thereafter	(238,231)
Total	$ (1,770,007)

Actual Assumptions and Other Inputs

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

	2023	2022
Inflation rate	2.50%	2.50%
Salary increases*:		
Through 2026	2.75 - 6.55%	2.75 - 6.55%
Thereafter	2.75 - 6.55%	2.75 - 6.55%

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Mortality: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021, respectively.

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

10. Other Post-Employment Benefits (OPEB) (continued)

Discount Rate

The discount rate for June 30, 2023 was 3.65 percent. This represents the municipal bond return rate as chosen by the Division. 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 that 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:

	2023		
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Authority's proportionate share of the net OPEB liability	$ 5,525,851	$ 4,770,579	$ 4,163,079

	2022		
	1% Decrease (2.58%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Authority's proportionate share of the net OPEB liability	$ 5,285,572	$ 4,559,667	$ 3,975,608

10. Other Post-Employment Benefits (OPEB) (continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

The following presents the Authority's proportionate share of the net OPEB liability as of June 30, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2023		
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Authority's proportionate share of the net OPEB liability	$ 5,525,851	$ 4,770,579	$ 4,163,079

	2022		
	1% Decrease (2.58%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Authority's proportionate share of the net OPEB liability	$ 5,285,572	$ 4,559,667	$ 3,975,608

11. Compensated Absences

Cash payments for unused accumulated sick leave are made to eligible employees upon retirement, resignation, or any severance from employment. The payment is based on 50% of the employee's sick leave accumulation, up to 75 days, at the adjusted hourly pay rate in effect at the time of separation. Included in the financial statements is the estimated liability for unused sick time of $123,715 and $107,808 as of December 31, 2023 and 2022, respectively.

12. Commitments and Contingencies

Risk Management

The Authority purchases various insurance coverage to reduce its exposure to loss. It maintains a general liability policy with coverage up to $5 million, umbrella liability insurance coverage with policy limits of $5 million and directors' and officers' liability insurance coverage of $1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. Commitments and Contingencies (continued)

Litigation

On August 9, 2019 Center City Partners, LLC filed a complaint with the Superior Court of New Jersey Chancery Division: Passaic County against the Paterson Parking Authority alleging mismanagement of the underground parking garage at Center City Mall, which is owned by Center City Partners, LLC. Accordingly, Center City Partners, LLC seeks the appointment of a special fiscal agent to assume control of the garage's operations and finances, an audit of the garage's operation and finances, reformation of the redevelopment agreement and companion operating agreement governing the garage and payment of damages for past fiscal losses due to the mismanagement. The Authority believes that the claims are without merit and intends to vigorously defend its position. The ultimate outcome of this litigation cannot presently be determined. However, in management's opinion, the likelihood of a material adverse outcome is remote. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been reflected in the financial statements. Included in accounts receivable is a balance due of $1,001,468 from Center City Partners, LLC in connection with the management of the Center City Mall parking garage. Management believes this balance will be collected in full.

A hearing was held on March 12, 2024, and the Court rendered a decision that reformed the Redevelopment Agreement to require the Authority to make payment to Center City in an aggregate amount of $499,007.77 as a reconciliation for past transactions dating back to 2019, and pay two-thirds of the parking revenue received from the Mall Garage to Center City going forward. The Authority filed an appeal of the March 2024 Order, and also made application to stay enforcement pending outcome of the appeal. On June 14, 2024, the Superior Court of New Jersey-Appellate Division granted the Authority's application to stay, finding, in part, that the Authority had a likelihood of success on the merits of its underlying appeal.

On July 3, 2024, Center City appealed the June 2024 Order. On September 20, 2024, the Supreme Court of New Jersey denied Center City's appeal. The Authority's underlying appeal of the March 2024 Order remains pending before the Superior Court of New Jersey-Appellate Division.

Federal Arbitrage Regulations

The Authority is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2023 and 2022, the Authority had no estimated arbitrage earnings due to the IRS.

13. Fair Value of Financial Instruments

The Authority has a number of financial instruments, including accounts receivable, accounts payable and accrued liabilities. The Authority estimates that the fair value of these financial instruments for the years ended December 31, 2023 and 2022 do not differ materially from the aggregate carrying values of its financial instruments recorded in the statements of net position due to the relatively short maturity of these instruments.

14. Gain on Sale of Capital Asset and Mortgage Receivable

On May 1, 2023, the Authority sold a portion of the former Ward Street garage site. The sale price was $3,850,000, with $2,185,000 paid at closing. The balance of the purchased price was financed with a seller-financed mortgage of $1,665,000, bearing interest at 6.5%. At December 31, 2023 there was an outstanding balance on the mortgage of $472,619. The mortgage was paid in full on January 25, 2024.

15. Subsequent Events

The Authority has evaluated events occurring after the statement of net position date through the date of November 22, 2024, the date that the financial statements were available to be released. Based on this evaluation, Management has determined that no subsequent event has occurred which require disclosure in the financial statements.

Parking Authority
of the City of Paterson, NJ

Schedules of Cash and Cash Equivalents and Restricted Deposits Held by Trustees

December 31, 2023 and 2022

	2023	2022
Cash and Cash Equivalents		
Revenue account	$ 222,852	$ 272,830
Meter account	5,160	-
Payroll agency account	230,696	156,780
Operating account	511,458	710,522
Petty cash	1,000	1,000
Attendants' cash and paystations	35,487	27,817
Payroll account	25,986	26,076
Underground Railroad escrow account	133	133
Ralston Purina escrow account	25,201	25,201
Total Cash and Cash Equivalents	$ 1,057,973	$ 1,220,359
Restricted Assets		
Bond Reserve Fund 2004 Bonds	$ 639,735	$ 611,506
Bond Service Fund 2004 Bonds	1,645,245	1,042,410
Renewal and Replacement Reserve	2,543,738	20,944
1972 Construction Account	94,714	90,535
Debt Service Reserve Fund 2005 Bonds	1,359,121	1,299,148
Construction Account 2008B Bonds	4,345	4,154
Debt Service Reserve Fund 2008B Bonds	400,805	383,119
Sub Operating Expense Fund 2008 Bonds	244,740	148,410
Reserve Account Fund 2008 Bonds	252,401	241,264
General Fund	12,272	11,730
Ward Street Demolition Fund	1,050,439	77,833
Total Restricted Deposits Held by Trustees	$ 8,247,555	$ 3,931,053

See independent auditors' report.

Parking Authority
of the City of Paterson, NJ
Schedules of Revenues
Years Ended December 31, 2023 and 2022

	Operating Revenues	**2023**	**2022**
	Off Street Parking Revenue		
4	West Broadway	$ 134,605	$ 138,981
7	Prospect Street	402,040	347,557
8	Garage - Van Houten Street	152,060	177,758
9	Washington Street	31,140	28,358
10	Garage - Prospect Street	176,699	278,375
11	Garage - Hamilton Plaza	-	1,120
12	Veterans Place - West	309,467	312,331
PS-1	PCCC Garage	256,363	288,545
CC	Center City Garage	1,559,737	1,068,449
12E	Veterans Place East revenue	298,670	164,324
	Permit revenue	496,773	295,115
	Lease revenue	555,529	1,027,743
	Coupons and other revenue	156,708	198,064
	Total off street parking revenue	4,529,791	4,326,720
	On street parking meters	770,488	685,756
	Other operating revenues		
	Public safety parking contract	1,427,370	1,401,930
	Public safety retail rental	390,823	391,071
	Center City revenue	302,700	302,700
	Total other operating revenue	2,120,893	2,095,701
	Total Operating Revenues	$ 7,421,172	$ 7,108,177
	Non-Operating Revenues		
	Bond original issue premium	$ 5,896	$ 5,896
	Interest earned on leases	397,314	423,170
	Interest income	306,709	37,952
	Capital grant	1,000,000	-
	Gain on sale of capital asset	3,681,497	-
	Total Non-Operating Revenues	$ 5,391,416	$ 467,018

See independent auditors' report.

Parking Authority
of the City of Paterson, NJ

Schedules of Expenses

Years Ended December 31, 2023 and 2022

Operating Expenses	**2023**	**2022**
Administrative Expenses		
Salaries - Executive director	$ 190,596	$ 164,428
Salaries - Office	415,789	348,182
Salaries - Longevity and other	71,610	33,634
Professional fees - accounting	62,000	62,000
Professional fees - other	21,577	21,924
Computer consultant	48,750	21,775
Engineering fees	9,700	5,970
Trustee fees	36,374	19,219
Legal fees - General counsel	35,005	29,931
Legal fees - Special	83,805	153,800
Total administrative expenses	$ 975,206	$ 860,863
Salaries and Wages		
Attendants' wages	$ 486,904	$ 410,473
Meter/Maintenance supervisor	81,818	80,443
Maintenance wages	141,043	118,235
Meter department	255,826	235,822
Security wages	365,029	274,817
General maintenance	177,517	170,079
Longevity pay	65,441	55,745
Total salaries and wages	$ 1,573,578	$ 1,345,614

See independent auditors' report.

Parking Authority
of the City of Paterson, NJ

Schedules of Expenses
(Continued)

Years Ended December 31, 2023 and 2022

Operating Expenses	**2023**	**2022**
General Expenses		
Alarms expense	$ 17,862	$ 11,829
Auto and truck expenses	18,376	14,191
Bank charges	2,509	3,655
Credit card fees	50,385	48,143
Advertising expense	15,075	16,950
Electricity and gas expense	156,324	177,234
Elevator maintenance	35,493	34,513
Employees' medical plan	647,774	601,287
Employees' pension	200,747	176,235
Engineering fees - special	9,093	5,168
Insurance expense	314,115	270,360
Meter maintenance expense	5,155	38,476
Office expense	28,586	24,776
Parking tickets, permits and books	17,777	13,772
Payroll service expense	23,702	24,536
Payroll taxes - social security	150,307	145,133
Payroll taxes - unemployment	10,905	10,498
Site rental expense	155,470	158,320
Site maintenance expense	247,215	163,812
Real estate taxes	-	6,422
Small office equipment	17,881	14,695
Snow removal expense	4,795	9,400
Sundry expenses	10,163	16,031
Telephone expense	93,961	91,281
Travel and conventions expense	10,233	15,735
Uniforms expense	6,109	3,504
Total general expenses	$ 2,250,012	$ 2,095,956
Non - Operating Expenses		
Interest Expense	$ 693,913	$ 660,867

See independent auditors' report.

Parking Authority
of the City of Paterson, NJ

Schedule of Revenues and Expenses Compared to Budget

Year End December 31, 2023

Budgetary Basis

(With Comparative Actual Amounts for the Year End December 31, 2022)

	2023 Budget	2023 Actual	Variance Positive (Negative)	2022 Actual
Operating Revenues				
Off street parking revenue	$ 4,360,000	$ 4,529,791	169,791	$ 4,326,720
On street parking meters	700,000	770,488	70,488	685,756
Other operating revenue	1,917,000	2,120,893	203,893	2,095,701
Total operating revenues	6,977,000	7,421,172	444,172	7,108,177
Operating Expenses				
Administrative expenses	857,090	975,206	(118,116)	860,863
Salaries and wages	1,472,000	1,573,578	(101,578)	1,345,614
General expenses	2,243,099	2,250,012	(6,913)	2,095,956
Total operating expenses	4,572,189	4,798,796	(226,607)	4,302,433
Non-operating Revenues				
Interest income	30,000	704,023	674,023	461,122
Non-operating Expenses				
Principal payments - bonds payable	1,160,000	1,160,000	-	1,100,000
Interest expense - bonds payable	675,435	693,913	(18,478)	660,867
Total non-operating expenses	1,835,435	1,853,913	(18,478)	1,760,867
Total Expenses	6,407,624	6,652,709	(245,085)	6,063,300
Budgetary Income	$ 599,376	1,472,486	$ 873,110	1,505,999
Reconciliation to GAAP Basis				
Amortization of bond premium		5,896		5,896
Amortization of bond discounts		(2,176)		(3,062)
Amortization of bond insurance costs		(33,294)		(33,294)
Depreciation expense		(644,589)		(666,603)
Pension expense, net - GASB 68 adjustment		392,401		554,504
OPEB expense, net - GASB 75 adjustment		478,635		343,865
Principal paid on debt		1,160,000		1,100,000
Capital grant		1,000,000		-
Gain on sale of capital asset		3,681,497		-
Change in Net Position - GAAP Basis		$ 7,510,856		$ 2,807,305

See independent auditors' report.

Parking Authority of the City of Paterson, NJ

General Comments and Recommendations

December 31, 2023

General Comments

There were no comments during 2023.

Recommendations

There were no recommendations during 2023.

Parking Authority
of the City of Paterson, NJ
Schedules of Required Supplementary Information

Schedules of the Authority's Proportionate Share of Net Pension Liability - PERS

Last Nine Fiscal Years*

	Year Ended December 31,								
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Authority's proportion of the net pension liability (PERS Local Group)	0.012750751%	0.012627858%	0.014852478%	0.015807694%	0.018868121%	0.019787568%	0.018765038%	0.019787568%	0.018765038%
Authority's proportionate share of the net pension liability (PERS Local Group)	$ 1,862,437	$ 1,921,857	$ 1,778,255	$ 2,598,092	$ 2,901,725	$ 3,535,859	$ 4,392,197	$ 5,860,546	$ 4,212,375
Authority's covered employee payroll	$ 1,113,559	$ 987,852	$ 872,387	$ 922,763	$ 1,121,287	$ 1,148,966	$ 1,260,246	$ 1,316,459	$ 1,361,260
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	167.25%	194.55%	203.84%	281.56%	258.79%	307.74%	348.52%	445.17%	309.45%
Plan fiduciary net position as a percentage of the total pension liability	713.11%	300.25%	166.63%	-65.98%	-128.43%	-147.52%	60.24%	42.56%	51.59%
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only information for years which are available will be presented.

Notes to Required Supplementary Information

Benefits Change:
None

Changes in Assumptions:
None

Source: GASB 68 on Public Employees' Retirement System; Authority records

See independent auditors' report.

Parking Authority
of the City of Paterson, NJ
Schedules of Required Supplementary Information

Schedules of Authority's Contributions - PERS

Last Nine Fiscal Years*

	Year Ended December 31,								
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contributions									
Regular pension and non-contributory group insurance contributions	$ 193,433	$ 176,235	$ 175,794	$ 174,288	$ 156,646	$ 178,625	$ 174,793	$ 175,791	$ 161,329
Chapter 19 P.L. 2009 Contribution	7,314	7,224	7,508	8,424	7,342	7,284	7,243	7,152	7,074
	200,747	183,459	183,302	182,712	163,988	185,909	182,036	182,943	168,403
Contribution in relation to the contractually required contribution	(200,747)	(183,459)	(183,302)	(182,712)	(163,988)	(185,909)	(182,036)	(182,943)	(168,403)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered employee payroll	$1,113,559	$ 987,852	$ 872,387	$ 922,763	$1,121,287	$1,148,966	$1,260,246	$1,316,459	$1,361,260
Contribution as a percentage of covered employee payroll	18.03%	18.57%	21.01%	19.80%	14.62%	16.18%	14.44%	13.90%	12.37%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only information for years which are available will be presented.

Source: GASB 68 on Public Employees' Retirement System; Authority records

See independent auditors' report.

Parking Authority
of the City of Paterson, NJ
Schedules of Required Supplementary Information

Schedules of the Authority's Proportionate Share of Net OPEB Liability

Last Five Fiscal Years*

	Year Ended December 31,				
	2023	**2022**	**2021**	**2020**	**2019**
Authority's proportion of the net OPEB liability	0.031790001%	0.028233939%	0.027476001%	0.031669998%	0.019579503%
Authority's proportionate share of the net OPEB liability	$ 4,770,579	$ 4,559,667	$ 4,945,620	$ 5,683,692	$ 3,997,310
Authority's covered employee payroll	$ 1,113,559	$ 987,852	$ 872,387	$ 922,763	$ 1,121,287
Authority's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	428.41%	461.57%	566.91%	615.94%	356.49%
Plan fiduciary net position as a percentage of the total OPEB liability	278.40%	126.55%	59.91%	-30.16%	-93.23%
Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only information for years which are available will be presented.

Notes to Required Supplementary Information

Benefits Change:
None

Changes in Assumptions:
None

Source: GASB 75 on State Health Benefits Local Government Retired Employees Plan; Authority records

See independent auditors' report.

Parking Authority
of the City of Paterson, NJ
Schedules of Required Supplementary Information

Schedules of Authority's OPEB Contributions

Last Five Fiscal Years*

	Year Ended December 31,				
	2023	**2022**	**2021**	**2020**	**2019**
Contractually required contributions	$ 79,517	$ 77,135	$ 59,938	$ 47,819	$ 67,561
Contribution in relation to the contractually required contribution	(79,517)	(77,135)	(59,938)	(47,819)	(67,561)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered employee payroll	$ 1,113,559	$ 987,852	$ 872,387	$ 922,763	$ 1,121,287
Contribution as a percentage of covered employee payroll	7.14%	7.81%	6.87%	5.18%	6.03%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only information for years which are available will be presented.

Source: GASB 75 on State Health Benefits Local Government Retired Employees Plan; Authority records

See independent auditors' report.