



FISCAL POLICY AND PROCEDURE MANUAL

Fiscal Procedures

The Board of Commissioners formulates financial policies, delegates administration of the financial policies to the Executive Director and reviews operations and activities.

The Executive Director has management responsibility including financial management.

Financial duties and responsibilities are to be separated to ensure that no one employee has sole control and access over cash receipts, disbursements, bank account reconciliation and payroll.

The fiscal procedures outlined are subject to change, as business needs dictate. Additions, amendments and deletions will be made as appropriate.

PARKING AUTHORITY LAW – 40:11A-1

The Newark parking Authority was formed under an act of the New Jersey Legislature PL. 1948, Chapter 198, RS Cum 40, 11A-1, and is thus governed by this law. This Law details the powers and duties of parking authorities. It is recommended that all NPA management members read this document in detail. See 40:11A-1.

CASH MANAGEMENT – 5:31-1

NEW JERSEY ADMINISTRATIVE CODE

SUBCHAPTER 3. CASH MANAGEMENT

5:31-3.1 Cash management plan; Legal depositories for public moneys; Receipt and deposit of funds

- (a) The governing body shall, by resolution, passed by not less than a majority of the full membership, adopt a cash management plan which shall include the designation of a depository the State of New Jersey Cash Management Fund or a public depository or depositories as defined in N.J.S.A. 17:9-41 and may permit deposits in such depository or depositories as permitted in N.J.S.A. 17:9-44.
1. The cash management plan shall be designated to assure to the extent practicable the investment of authority funds in interest bearing accounts.
 2. The cash management plan may be modified from time to time in order to reflect change in Federal or State Law or regulations.
- (b) All moneys received by the Authority from any source shall within 48 hours be deposited to the credit of the Authority in its legal depository.
- (c) No authority shall engage in the practice of cashing checks with public funds.

Newark Parking Authority Establishment of Funds and Accounts

The Authority has hereby created and maintains the following funds/accounts:

- A. Wachovia Bank, NA: (Business Operating Account)
1. Currently all revenue and expenses flow thru this account;
 2. Account No. 20071024391
- B. Wachovia Bank, NA: (Market & Washington Checking Account)
1. Account No. 20032855049
 2. This account was established when the Authority maintained and operated the Market & Washington Street parking facility for the Housing Authority. \$140,000 of the funds was invested less \$50,000; most recently on July 10, 2008

that investment came due and was forwarded into the "Business Operating Account".

3. Currently, there are no additional investments pending from this account.

C. PNC Bank: (Business Checking Account)

1. Account No. 8101322937
2. This account was established to be utilized for the day to day operations of the Jackson Street parking facility including but not limited to payroll, healthcare payments, and office and maintenance supplies.
3. Payroll tax amounts are transferred monthly into the business operating fund account "Wachovia" to offset payroll adjustments.

D. City National Bank: Meter Account and Certificate of Deposit

1. Certificate No. 30162
2. Current balance as of 7/28/08 is \$36,445.32
3. Certificate matured 7/17/08; if certificate renews, the maturity date will be 1/17/10. As previously discussed, this is the last investment instrument; and should this investment be forwarded into the "Wachovia" operating fund account it will abolish the Authority's affiliation from the only minority owned financial institute which operates in the City.

E. Petty-Cash Change Fund: (\$250.00) Minutes of 7/12/1961

1. The administrative office has a \$250.00 change fund;
2. This fund is replenished approximately every two-months as necessary.
3. Receipts are maintained and reviewed prior to replenishment.

NPA Cash Disbursements Process

- A. All invoices will be processed by the by the Administrative Assistant, who will review for accuracy, validity, conformity to the budget and compliance with bid requirements.
- B. Prior to any payments, all invoices will be approved by the Director of Administration ("DOA"), who will ensure appropriate account coding for input in the accounts payable system. Approval by the DOA indicates that the invoice has been approved and is ready for check authorization.
- C. Approved invoices will be entered into the accounting system by the Administrative Assistant.
- D. The Administrative Assistant will prepare checks for the authorized signers, at least two, who are the Executive Director and the Treasure of the Board of Commissioners and/or Chairman of the Board on the accounts of the Parking Authority of the City of Newark. The checks will be accompanied with the purchase order and/or requisitions.

Safeguarding of Assets – Blank Checks

- A. All blank checks are the responsibility of the Administrative Assistant. The checks are to be maintained in a locked environment, with only the Executive Director and whomever he/she designates to have the access key.
- B. All checks, including payroll checks (except direct deposit payroll checks) are to be signed by the Executive Director or a designated member of the Board of Commissioners, in the absence of the Executive Director and the Treasurer of the Board of Commissioners.
- C. Voided checks are to have VOID written across the face and are to be kept on file.
- D. No blank checks are to be signed in advance or prepared on verbal authorization.

Bank Reconciliations

- A. Bank statement will be received at the NPA. Once opened by the Administrative Assistant. A representative from the Firm Pereira & Azevedo, LLC will reconcile the accounts monthly. Other NPA staff people may also be assigned to prepare the bank reconciliation if proper segregation of duties can be established.
- B. The Treasurer for the Board of Commissioners will receive monthly statements of the checks to be paid, the appropriate support. The Finance Committee and any Board of Commissioners, have access to this information and request it, given proper notification.

PURCHASING – N.J.S.A. 40A:11-1

The following is a summary guide for purchasing for the NPA pursuant to Local Public Contracts Law N.J.S.A. 40A:11-1 et seq.

IMPORTANT DEFINITIONS:

"Aggregate" means the sums expended or to be expended for the provision or performance of any goods or services in connection with the same immediate purpose or task, or the furnishing of similar goods or services, during the same contract year through a contract awarded by a contracting agent.

"Bid threshold" means the dollar amount set in section 3 of P.L.1971, c.198 (C.40A:11-3), above which a contracting unit shall advertise for and receive sealed bids in accordance with procedures set forth in P.L.1999, c.440 (C.40A:11-4.1 et al.).

"Contract" means any agreement, including but not limited to a purchase order or a formal agreement, which is a legally binding relationship enforceable by law, between a vendor who agrees to provide or perform goods or services and a contracting unit which agrees to compensate a vendor, as defined by and subject to the terms and conditions of the agreement. A contract also may include an arrangement whereby a vendor compensates a contracting unit for the vendor's right to perform a service, such as, but not limited to, operating a concession.

"Contract year" means the period of 12 consecutive months following the award of a contract.

"Competitive contracting" means the method described in sections 1 through 5 of P.L.1999, c.440 (C.40A:11-4.1 thru 40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or administrator; and the governing body awards a contract to a vendor or vendors from among the formal proposals received.

"Lowest responsible bidder or vendor" means the bidder or vendor: (a) whose response to a request for bids offers the lowest price and is responsive; and (b) who is responsible.

"Official newspaper" means any newspaper designated by the contracting unit pursuant to R.S.35:1-1et.seq.

"Purchase order" means a document issued by the contracting agent authorizing a purchase transaction with a vendor to provide or perform goods or services to the contracting unit, which,

when fulfilled in accordance with the terms and conditions of a request of a contracting agent and other provisions and procedures that may be established by the contracting unit, will result in payment by the contracting unit.

"Purchasing agent" means the individual duly assigned the authority, responsibility, and accountability for the purchasing activity of the contracting unit, and who has such duties as are defined by an authority appropriate to the form and structure of the contracting unit, and P.L.1971, c.198 (C.40A:11-1 et seq.).

"Professional services" means services rendered or performed by a person authorized by law to practice a recognized profession, whose practice is regulated by law, and the performance of which services requires knowledge of an advanced type in a field of learning acquired by a prolonged formal course of specialized instruction and study as distinguished from general academic instruction or apprenticeship and training. Professional services may also mean services rendered in the provision or performance of goods or services that are original and creative in character in a recognized field of artistic endeavor.

"Extraordinary unspecifiable services" means services which are specialized and qualitative in nature requiring expertise, extensive training and proven reputation in the field of endeavor

"Quotation" means the response to a formal or informal request made by a contracting agent by a vendor for provision or performance of goods or services, when the aggregate cost is less than the bid threshold. Quotations may be in writing, or taken verbally if a record is kept by the contracting agent.

SUMMARY OF PURCHASING ACCORDING TO LOCAL FINANCE LAW:

- Local Public Contracts Law is defined at N.J.S.A. 40A:11-1 et seq.
- ESTABLISHING PURCHASING AGENT / DEPARTMENT POWERS - The governing body of any contracting unit may by resolution, establish the office of purchasing agent, or a purchasing department, with the authority, responsibility, and accountability as its contracting agent, for the purchasing activity for the contracting unit, to prepare public advertising for bids and to receive bids for the provision or performance of goods or services on behalf of the contracting unit and to award contracts permitted pursuant to subsection a. of section 3 of P.L.1971, c.198 (C.40A:11-3) in the name of the contracting unit, and conduct any activities as may be necessary or appropriate to the purchasing

function of the contracting unit. See 40A:11-9 Purchasing agent, department or board; establishment; powers.

- **CONTRACT DURATION** - All contracts for the provision or performance of goods or services shall be awarded for a period not to exceed 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5) shall be awarded for a period not to exceed 12 consecutive months. See 40A:11-15 Duration of certain contracts.
- **BID THRESHOLD** - Local Finance Notice # LFN 2005-16 issued June 22, 2005, raised the bid threshold and supersedes the amounts in 40A:11-3.

| Per LFN 2005-16 | Bid Threshold | Quotation Threshold |
|---------------------------------|---------------|---------------------|
| Base Amount | \$21,000 | \$3,150 |
| With Qualified Purchasing Agent | \$29,000 | \$4,350 |

- **CONTRACTS OVER BID THRESHOLD** - For Contracts over \$21,000 (or \$29,000 w/ Q.P.A.) the contracting unit must publicly advertise for bids. See 40A:11-3 for complete detail. All advertisements for bids shall be published in an official newspaper of the contracting unit sufficiently in advance of the date fixed for receiving the bids to promote competitive bidding, but in no event less than 10 days prior to such date. See 40A:11-23 Advertisements for bids; bids; general requirements.
- **CONTRACTS BETWEEN 15% OF BID THRESHOLD AND BID THRESHOLD** - For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount (\$3,150 or \$4,350 w/ Q.P.A.), and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting **at least two competitive quotations**, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor. See 40A:11-6.1 Award of Contracts for further detail.
- **CONTRACTS LESS THAN 15% OF BID THRESHOLD** - Also, if authorized by the governing body by resolution or ordinance, all contracts that are in the aggregate less

than 15 percent of the bid threshold may be awarded by the contracting agent without soliciting competitive quotations. See 40A:11-6.1 c.

- EMERGENCY CONTRACTS - Any contract may be negotiated or awarded for a contracting unit without public advertising for bids and bidding therefore, notwithstanding that the contract price will exceed the bid threshold, when an emergency affecting the public health, safety or welfare requires the immediate delivery of goods or the performance of services. See 40A:11-6 Emergency contracts.
- CONTRACTS IN EXCESS OF \$100,000 FOR IMPROVEMENTS TO REAL PROPERTY – See 40A:11-16.1 \$100,000 contracts for improvements to real property; retainage, security

NPA PURCHASING POLICY

A. Purchases under \$500

1. All purchases under \$500, with the appropriated funds available in the budget, will have justification provided by the DOA to the Executive Director for approval, prior to purchase-

B. Purchases \$500 - \$21,000

1. Three written quotes are to be obtained, unless prior approval by the Finance Committee has been obtained
2. Quotes will be reviewed by the DOA and the Executive Director, a recommendation will then be provided to the Finance Committee for review and recommendation to the Board of Commissioners
3. Board approval required-

C. Purchases over \$21,000

1. Purchases will be required to undergo a competitive bid procedure, according to Local Public Contract Law

Reimbursable Expenses

- A. The Executive Director, Board members and administrative staff members must obtain prior approval by the Board of Commissioners for attendance at conferences, seminars, classes and training sessions. Reimbursement (or payment in advance) for travel and associated expenses will be at the rate set by the Board of Commissioners.

- B. All expense vouchers are to be submitted (within 60 days) after completion of the event. All expenses, with receipts need to be presented in order for reimbursement
- C. Mileage and per diem rates will be reviewed and approved annually by the Board of Commissioners. The current mileage rate is \$.585 (IRS rate); the current per diem rate is \$75.00.
- D. Commissioners and staff members who have been confirmed to attend conferences and/or events through the Authority are required to give the Executive Director 72 hour cancellation notice. If the Commissioner or staff member fails to attend the event, the related party will be responsible, individually, for all associated expenses.

BUDGETS – 5:31-1 AND 5:31-2

Pursuant to N.J.S.A. 40A:5A-10 & N.J.A.C. 5:31 the Parking Authority is required to submit a budget to the Director of the Division of Local Government Service sixty (60) days prior to the end of the fiscal year. Upon the Division's receipt and approval of the proposed budget via the Bureau Chief's signature, it is required once again to be presented to the Board of Commissioners for Adoption.

A standard Resolution proposing and adopting the budget is already included in the budget for execution.

- A. All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body.
- B. The Director shall examine the budget filed with reference to all estimates of revenue and appropriations. Also, the budget shall be reviewed for detail and accuracy of itemization and compliance as to form.

PENSION CONTRIBUTIONS – 5:30-3.7

A county or municipality may appropriate and reserve funds for the purpose of anticipating the phase-in increases in the cost of employer pension contributions as set forth in N.J.S.A. 43:15A-24 (Section 1 of P.L. 2003, c. 108). Any such amount to be appropriated is to be determined by the governing body. Nothing in this section shall require any specific amount, or any amount at all to be appropriated in any given year

Once appropriated, funds so reserved for payment of pension contributions shall not be used for any other purpose unless approved by the Local Finance Board. Funds shall be used by anticipating them as revenue in the year they are to be expended. The authority to appropriate and reserve funds or anticipate such funds shall only be effective for fiscal years 2004 through 2009

NPA Pension Contributions (Location No. 56320)

Pension contributions are required to be submitted via the TEPS ("Transmittal of Employee Pension System") by the 10th day of every month. Aside from the monthly transmittal, each quarter-ending, (**April 10th**, **July 10th**, **October 10th**, and **January 10th**) the "IROC" transmittal form must be reconciled and the balance payment forwarded less remittance for the previous two months thru the TEPS process.

ACCOUNTING AND AUDITING – 5:31-7

Internal Control Structure

5:31-7.2 Establishment of an internal control structure

- (a) The governing body of each authority and special district is responsible for establishing and maintaining an internal control structure. An entity's internal control structure shall consist of policies and procedures established to provide reasonable assurance that specific entity objectives and proper conduct of the entity's business with full accountability for the resources made available, shall be achieved. In fulfilling this responsibility, estimates and judgments by the governing body are required to assess the expected benefits and related costs of internal control structure policies and procedures.
- (b) The objectives of an internal control structure should provide the governing body with reasonable, but not necessarily absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with the respective governing body's authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP.

REVENUE COLLECTIONS

NPA Revenue Collection Procedures

Jackson Street Collections

A. Daily Collections

1. Funds and tickets are collected by a parking lot attendant each day then kept overnight for deposit the next day. A Newark Parking Authority Administrative Assistant ("NPAAA") each morning goes to the Jackson Street parking lot to collect and deposit funds into the PNC bank account.
2. The admin assistant will perform a mini audit of all the tickets that are collected, which are in sequential order then calculate the estimated amount collected using and average amount of \$5.50 per car. The Jackson Street lot collects \$5.50 daily.
3. Money is then taken to PNC bank where a deposit ticket is filled out by a bank teller.
4. The details including the dollar amount, deposited amount and sequential tickets are then reviewed for accuracy and entered into a log book by a different person than the NPAAA that entered the deposit into the Accounting System. (TO BE- Key Detect)

B. Monthly Parking Pass Collections

1. Towards the end of each month the NPAAA will be notified by the Jackson Street parking attendant to the amount of any monthly parking passes needed. Parking passes are in the amount of \$120/month. Upon collection of the 1st business day of the month the NPAAA will include the monthly amounts in the collection amount and deposited amount
2. Monthly parking passes have several colors which are changed each month in order for the lot attendant to determine who has paid and who has not.(Detect)
3. Daily Parking tickets are sequentially numbered. (Detect)
4. Monthly Parking Passes and Daily Parking Tickets are kept in a secured locked back office with access by supervisory personnel. (Detect)
5. An outside vendor is responsible for printing both daily and monthly parking tickets.

Military Park Collections

Overview

Pursuant to the Lease Agreements between the Parking Authority, City of Newark, and NJPAC for Military Park Garage, NJPAC forwards the settlement statement and payment for the month-period outlining their expenses for operating the Military Park Garage. The statement also reflects the breakdown due the Parking Authority and the City of Newark. Once the payment is received from NJPAC it is deposited in the Wachovia Bank "Operating Fund". Thereafter, a check is prepared from the Operating Fund due to the City of Newark for the debt service payment equal to rent, and their share of the net profits less the Parking Authority's share of net profits and fees.

Under this agreement Newark Parking Authority ("NPA") is paid each month by NJPAC based % of net profits NJPAC collects for Military Park Parking Garage. NJPAC operates the Military Park Parking Garage and will collect all parking revenues and pay all expenses.

- A. NJPAC will send a monthly settlement statement to the NPA each month detailing, total expenses, management fees and the monthly management fee. The remaining amount of 30% profits of the Military Parking Garage are sent to NPA.
 - a. Amounts are usually collected 45-60 days following the actual collections from Central Parking. (i.e. August % of profits were collected in October)
- B. NPA has an agreement with the city of Newark that states approximately \$31,000 for payment of bond obligations will be sent each month to the city from the funds collected through Military Park operated by NJPAC.
- C. An annual audit is performed each year by an independent accounting firm on the amount of revenues collected as well as the % of profits received by the NPA each year. (Detect)
- D. The Parking Authority is entitled to an annual receipt of \$55,000 to offset their costs and expenses associated with overseeing the Military Park Garage operations. This process/method to obtain this revenue is outlined in the lease agreement between the Parking Authority and the City of Newark. Each July 1st the NPA requests \$55,000 payment from the city of Newark as reimbursement for operating expenses. Items that must be sent to city council for payment of this approval are an approved budget and the lease section which describes the request for the \$55,000. Note: NJPAC contact Mr. Rene Tavera from the Finance Office at NJPAC

Parking Meter Collections

Overview:

Meter collections take place each day through the supervision of Operations Manager. The collections are performed each day by two individuals. Meter routes begin at 7:00AM and end around 12:00 PM. The two personnel performing the collection process are a Newark Parking Authority ("NPA") project manager and a coin collector. During the afternoon time period both collection personnel are dispatched to fix meter jams.

System

The parking system is a self contained keyed system which contains two different types of parking meters and a separate coin canister. There are two different parking meters which the NPA uses at this time.

A. POM meter

1. This meter is an electronic meter and contains parking space control for either two or four spaces.
2. The meter is able to be scanned each time a money count is performed through an electronic scanner.
3. The meter consists of an upper and lower house as well as a locked vault inside which collects the coins.
4. Separate keys are maintained for both the upper and lower house. The vault is only able to be opened through the insertion into the top of a separate canister. See below.
5. City owns approximately 1,000 of these meters

B. Duncan Meter

1. An old and manual meter that is a static time meter and contains no validation for the amount of money dropped into the meter.
2. The meter consists of an upper and lower house as well as a locked vault inside which collects the coins.
3. Separate keys are maintained for both the upper and lower house. The vault is only able to be opened through the insertion into the top of a separate canister. See below.
4. City owns approximately 400-500 of these meters

C. Coin Canister

1. The coin canister is used to collect all the monies from inside each meter vault.
2. The canister is a box shaped canister with an imbedded key on the top in order to open and receive coins from different meter vaults.
3. Each canister is secured with a pad lock.

Process

There are multiple zones throughout the city of Newark which are collected periodically. The collector will commence each morning down a designated street by the Operations Manager and uses a lower meter key to open the meter, remove the vault, and then insert and twists the vault into a canister in order for the money to drop into a canister.

A. Field Collection

1. The collector will go either with the Operations Manager or by themselves along a street.
2. The canister at the end of the collection route is to be brought directly to the bank for deposit.

B. Bank Deposits

1. Canisters are brought by the collectors and Operations Manager to the bank each day around 12:00. (City National Bank is used for daily deposits)
2. At the bank the Director of Administration will also be present for a cash count and deposit.
3. The canister is opened using a pad lock key by the Operations Manager then poured into a coin counter. (Usually three canisters are counted each day)
4. The deposit slip is then filled out by the bank teller.

5. The deposit ticket is returned to the office by the Director of Administration. The Operations Manager will then log into a Meter Coin Collection sheet to the total deposit for the day along with the amount deposited for the respective zone.
6. Any non US currency or replicated coin object (slug) is returned to the Operations Manager and maintained in a bag.

C. Meter Repair

1. In afternoon each day the collectors are dispersed into the field to perform non-mechanical meter repair. Usually this consists of unclogging a meter using a repair tool.
2. A list of meters is kept by each collector on a yellow pad.
3. Most clogged meters are repaired within a week.
4. Any mechanical problems with the meters are sent out for repair and this can take up to several weeks.

TAX PAYMENTS

Parking Tax Payment

The Parking Authority is required by City Ordinance **6SRFA** to file a parking tax quarterly form no later than the 15th day of the month following appropriate quarter (that is: April 15th, July 15th, October 15th, and January 15th). The amount realized is 15% of the gross receipts to be forwarded to the City of Newark's Tax Department. In order calculate the amount of tax due the gross amount of the collections from Jackson Street is divided by 1.15 to calculate the 15% city of Newark portion of the tax.