



WithumSmith+Brown
A Professional Corporation
Certified Public Accountants and Consultants



Financial Statements

December 31, 2013 and 2012

With Independent Auditors' Report

Parking Authority of the City of Newark
Table of Contents
December 31, 2013 and 2012

	Page(s)
Management's Discussion and Analysis	A1-A6
Independent Auditors' Report	1-3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Financial Statements	
Statements of Net Position	6
Statements of Revenues, Expenses and Changes in Net Position.....	7
Statements of Cash Flows	8
Notes to Financial Statements	9-16
Supplementary Information	
Schedules of Cash Receipts and Disbursements and Changes in Cash and Investments.....	17
Schedule of Operating Revenues and Expenditures Compared to Budget	18-19
Roster of Officials.....	20
Miscellaneous Statistics.....	21
Schedule of Findings and Recommendations	22



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Parking Authority of the City of Newark (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2013, 2012 and 2011. Please read this analysis in conjunction with the Authority's financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements present the Authority's financial activities and position in three parts. They include the *Management's Discussion and Analysis (this section)*, the *Basic Financial Statements* and *Supplementary Information*. The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These financial statements offer short and long-term financial information about its activities.

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 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.

NEWARK PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better able to fulfill its mission as a result of this year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report net position of the Authority and the changes in those positions. The reader can think of the Authority's net position - the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other nonfinancial factors such as changes in conditions, population growth, development, contractual requirements and new or changed government regulation.

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

CONDENSED STATEMENTS OF NET ASSETS

	2013	2012	2011
Assets			
Unrestricted	\$ 4,485,684	\$ 3,460,399	\$ 2,519,375
Restricted	4,908	27,317	55,332
Net capital assets	<u>1,269,264</u>	<u>1,343,676</u>	<u>1,478,120</u>
Total assets	<u>\$ 5,759,856</u>	<u>\$ 4,831,392</u>	<u>\$ 4,052,827</u>
Liabilities			
Long-term liabilities	\$ 855,000	\$ 997,500	\$ 1,144,363
Other liabilities	<u>585,053</u>	<u>466,445</u>	<u>588,153</u>
Total liabilities	1,440,053	1,463,945	1,732,516
Net Position			
Invested in capital assets, net	271,764	199,313	186,508
Restricted	4,908	27,317	55,332
Unrestricted - undesignated	2,535,905	1,640,454	2,078,471
Unrestricted - designated for capital projects	<u>1,507,226</u>	<u>1,500,363</u>	<u>-</u>
Total net position	<u>4,319,803</u>	<u>3,367,447</u>	<u>2,320,311</u>
Total liabilities and net position	<u>\$ 5,759,856</u>	<u>\$ 4,831,392</u>	<u>\$ 4,052,827</u>

CURRENT ASSETS

Unrestricted cash was approximately \$3,950,000 at December 31, 2013 representing a net increase of approximately \$1,073,000 as compared to the December 31, 2012 balance. Cash increased due to primarily the increase in meter income and ticket sharing revenue with the City of Newark. The Authority has earmarked approximately \$1,507,000 for the future acquisition and development of real estate to expand and improve its parking operations. Restricted cash had a balance of approximately \$5,000 and \$27,000 at December 31, 2013 and 2012, respectively. The Authority may utilize this amount to purchase additional fixed assets for the Authority.

NEWARK PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Accounts receivable decreased by approximately \$55,000 from 2012 compared to 2013 and decreased approximately \$91,000 from 2011 compared to 2012. The changes are predominately due to the timing of ticket sharing revenue payments received from the City of Newark for the last four months of the year.

NONCURRENT ASSETS

Noncurrent assets decreased in 2013 by approximately \$74,000 compared to 2012, which is the increase in property and equipment less depreciation of approximately \$163,000. In 2012, property and equipment decreased by approximately \$135,000, compared to 2011 which is the increase in property and equipment less depreciation of approximately \$160,000.

CAPITAL ASSETS

Capital Assets activities for the years ended December 31, 2013, 2012 and 2011 are as follows:

	2013		2012		2011
Furniture and fixtures	\$ 51,443	\$	47,798	\$	45,473
Improvements	39,382		33,867		33,867
Meters	1,609,876		1,587,467		1,587,467
Computers	34,274		34,274		34,274
Vehicles	245,271		188,061		164,652
Intangible	9,850		9,850		9,850
	<u>1,990,096</u>		<u>1,901,317</u>		<u>1,875,583</u>
Less: accumulated depreciation and amortization	720,832		557,641		397,463
Net property and equipment	<u>\$ 1,269,264</u>	\$	<u>1,343,676</u>	\$	<u>1,478,120</u>

OTHER LIABILITIES

Other liabilities are current liabilities that will be paid in the next twelve (12) months after the balance sheet date. Current liabilities payable from unrestricted assets is increased by approximately \$119,000 in 2013 as compared to decrease of approximately \$122,000 in 2012. For the year 2013, the increase is primarily due to garage lease payable to City of Newark and unpaid bills relating to the parking tax and office rent at year end. For the year 2012, the decrease is due primarily to the fewer unpaid bills relating to the purchase of meter equipment.

NONCURRENT LIABILITIES

The decrease of approximately \$143,000 and \$147,000 in 2013 and 2012 is due to the principal repayment of long term notes.

NEWARK PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

A summary of the Authority's Statements of Revenues, Expenses and Changes in Net Position are as follows:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2013	2012	2011
Operating revenues	\$ 4,988,115	\$ 4,557,893	\$ 3,762,032
Nonoperating revenues	<u>13,654</u>	<u>12,505</u>	<u>10,599</u>
Total revenues	5,001,769	4,570,398	3,772,631
Operating expenses	3,832,881	3,300,276	2,870,553
Depreciation expense	163,191	160,178	146,359
Nonoperating expenses	<u>53,341</u>	<u>62,808</u>	<u>65,408</u>
Total expenses	<u>4,049,413</u>	<u>3,523,262</u>	<u>3,082,320</u>
Increase in net position	952,356	1,047,136	690,311
Net position, beginning of year	<u>3,367,447</u>	<u>2,320,311</u>	<u>1,630,000</u>
Net position, end of year	<u>\$ 4,319,803</u>	<u>\$ 3,367,447</u>	<u>\$ 2,320,311</u>

While the Statements of Net Position show the change in financial position of net position, the Statements of Revenues, Expenses and Changes in Net Position provide answers as to the nature and source of these changes.

OPERATING REVENUES

The Authority's operating revenues increased by approximately \$430,000 in 2013, as compared to approximately \$796,000 increase in 2012. Both years' increases were primarily from ticket sharing revenue and meter collections.

OPERATING EXPENSES

Total operating expenses increased by approximately \$533,000 to \$3.8 million in 2013, as compared to an increase of approximately \$430,000 in 2012. The 2013 and 2012 increases are the result of increased salaries and office expenses and overhead due to the ticket operations for the entire year.

NONOPERATING INCOME AND EXPENSES

Total nonoperating income and expenses decreased by approximately \$11,000 in 2013 and decreased by approximately \$5,000 in 2012, respectively.

NET POSITION

Total assets of the Authority for the year ended December 31, 2013, were approximately \$5.7 million, while total liabilities were approximately \$1.4 million resulting in assets exceeding liabilities by approximately \$4.3 million. For the year ended December 31, 2012, assets exceeded liabilities by approximately \$3.3 million. Therefore the Authority's net position increased approximately \$1,000,000.

Total assets of the Authority for the year ended December 31, 2012, were approximately \$4.8 million, while total liabilities were \$1.5 million resulting in assets exceeding liabilities by approximately \$3.3 million. For the

NEWARK PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

year ended December 31, 2011, assets exceeded liabilities by approximately \$2.3 million. Therefore the Authority's net position increased approximately \$1,000,000.

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 Authority, upon approval of the interlocal agreement with the City of Newark, amended its budget with the Division of Local Government Services. The following table provides a 2013 combined budget to actual comparison:

2013 BUDGET VS. ACTUAL

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Operating revenues	\$ 4,833,591	\$ 4,922,915	\$ 89,324
Nonoperating revenues	<u>65,000</u>	<u>78,854</u>	<u>13,854</u>
Total revenues	4,898,591	5,001,769	103,178
Operating appropriations			
Personnel and other	1,716,417	1,718,975	(2,558)
Fringe benefits	600,748	758,875	(158,127)
Administration and general	<u>1,757,484</u>	<u>1,408,372</u>	<u>349,112</u>
Total operating appropriations	4,074,649	3,886,222	188,427
Nonoperating appropriations			
Lease and note payments	147,991	146,863	1,128
Capital budget	<u>205,000</u>	<u>88,779</u>	<u>116,221</u>
Total nonoperating appropriations	<u>352,991</u>	<u>235,642</u>	<u>117,349</u>
Total operating and nonoperating appropriations	<u>4,427,640</u>	<u>4,121,864</u>	<u>305,776</u>
Excess - budgetary basis	<u>\$ 470,951</u>	<u>\$ 879,905</u>	<u>\$ 408,954</u>

Anticipated operating revenues were \$4,833,591 whereas actual revenues were \$4,922,915, resulting in a favorable variance of \$89,324. This favorable variance was primarily due to increase in work force to ticket parking violation.

Total anticipated appropriations were \$4,427,640 whereas total actual appropriations were \$4,121,864, resulting in a favorable variance of \$305,776. This favorable variance was related to various expense line items coming in favorably compared to budgeted amounts. See the schedule of operating revenues and expenditures compared to budget in the supplementary information section for details of individual line items.

DEBT ADMINISTRATION

Upon execution of the interlocal agreement and transfer of certain parking assets (parking meters) on August 6, 2008 (See Note #1) the Authority is liable to make payments to the City of Newark for the Bond Anticipation Notes in the amount of \$1,425,000. The notes bear interest at 5%.

NEWARK PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

ECONOMIC FACTORS, FUTURE YEARS BUDGETS AND RATES

The Commissioners and management of the Authority consider many factors when preparing each year's budget. Some of the factors that were considered are: traffic patterns, increase in vehicle traffic due to development of various areas in Newark, the improved efficiency of the Authority's equipment and personnel in issuing summons.

The Authority expects to purchase real estate in 2014, known as State Street parking lot, to increase the amount of parking available in the City of Newark. The Authority is also in negotiations to take over the administration and enforcement of the City of Newark Parking tax, which would greatly help the Authority improve and expand the services that it provides.

In connection with the normal conduct of the Authority's business, it could from time to time be involved in various claims and litigation which may result in positive or negative effects on the financial statements.

CONTACTING THE AUTHORITY

These financial statements are designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the PARKING AUTHORITY OF THE CITY OF NEWARK, located at 50 Park Place, Suite 919, Newark, New Jersey 07102 or call (973) 623 – 6335.



WithumSmith+Brown, PC
Certified Public Accountants and Consultants

1144 Hooper Avenue, Suite 202
Toms River, NJ 08753 USA
732 341 8728 . fax 732 341 8787
www.withum.com

Additional Offices in New Jersey,
New York, Pennsylvania, Maryland,
Florida, and Colorado

Independent Auditors' Report

Honorable Members of the Board of Commissioners
Parking Authority of the City of Newark
Essex County, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of net position of the Parking Authority of the City of Newark as of December 31, 2013 and 2012 and the statements of revenues, expenses and changes in net position and cash flows for the years then ended as well as the related notes to financial statements, which collectively comprise the Parking Authority of the City of Newark's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking Authority of the City of Newark, as of December 31, 2013 and 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages A1 through A6 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Parking Authority of the City of Newark's basic financial statements. The schedules of cash receipts and disbursements and changes in cash and investments, schedule of operating revenues and expenditures compared to budget, roster of officials, miscellaneous statistics and schedule of findings and recommendations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The rosters of officials and miscellaneous statistics have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2014, on our consideration of the Parking Authority of the City of Newark, Essex County, New Jersey'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 in accordance with *Government Auditing Standards* in considering the Parking Authority of the City of Newark's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Wilhem Smith + Brown, PC". The signature is written in a cursive, flowing style.

Toms River, NJ
May 8, 2014



WithumSmith+Brown, PC
Certified Public Accountants and Consultants

1144 Hooper Avenue, Suite 202
Toms River, NJ 08753 USA
732 341 8728 . fax 732 341 8787
www.withum.com

Additional Offices in New Jersey,
New York, Pennsylvania, Maryland,
Florida, and Colorado

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

Independent Auditors' Report

Honorable Members of the Board of Commissioners
Parking Authority of the City of Newark
Essex County, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Parking Authority of the City of Newark, Essex County, New Jersey as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Parking Authority of the City of Newark's basic financial statements, and have issued our report thereon dated May 8, 2014.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Parking Authority of the City of Newark's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Parking Authority of the City of Newark's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parking Authority of the City of Newark'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parking Authority of the City of Newark'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 audits 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.

A handwritten signature in blue ink that reads "Wilhem Smith + Brown, PC". The signature is written in a cursive, flowing style.

Toms River, NJ
May 8, 2014

**Parking Authority of the City of Newark
Essex County, New Jersey
Statements of Net Position
December 31, 2013 and 2012**

	2013	2012
Assets		
Current assets		
Cash	\$ 2,443,235	\$ 1,376,657
Designated cash	1,507,226	1,500,363
Restricted cash	4,908	27,317
Investments	39,785	39,251
Interest receivable	-	135
Accounts receivable	444,762	499,275
Prepaid expenses	50,676	44,718
Total current assets	4,490,592	3,487,716
Property, plant and equipment, net	1,269,264	1,343,676
Total assets	<u>\$ 5,759,856</u>	<u>\$ 4,831,392</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 70,360	\$ 49,754
Accrued expenses	265,775	199,669
Due to City of Newark	106,418	70,159
Current maturities of long-term debt	-	4,363
Bond - current portion	142,500	142,500
Total current liabilities	585,053	466,445
Non-current liabilities		
Bond - less current portion	855,000	997,500
Total liabilities	1,440,053	1,463,945
Net Position		
Investment in capital assets, net of accumulated depreciation and related debt	271,764	199,313
Restricted	4,908	27,317
Unrestricted - undesignated	2,535,905	1,640,454
Unrestricted - designated for capital projects	1,507,226	1,500,363
Total net position	4,319,803	3,367,447
Total liabilities and net position	<u>\$ 5,759,856</u>	<u>\$ 4,831,392</u>

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

**Parking Authority of the City of Newark
Essex County, New Jersey
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2013 and 2012**

	2013	2012
Operating revenues		
Ticket sharing	\$ 1,726,230	\$ 1,578,051
Meter collections	2,358,420	2,179,442
Event parking	238,170	131,549
Parking lot	26,904	32,624
MPG lease	573,191	575,151
Reimbursed operating expense - City of Newark	55,000	55,000
Food truck permit program	10,200	6,076
Total operating revenues	<u>4,988,115</u>	<u>4,557,893</u>
Operating expenses		
Salaries	1,718,975	1,410,099
Fringe benefits and payroll taxes	758,875	603,014
Professional fees	155,691	229,837
Lease payment - City of Newark	464,202	437,871
Rent	132,123	132,591
Administrative and general expenses	603,015	486,864
Depreciation and amortization	163,191	160,178
Total operating expenses	<u>3,996,072</u>	<u>3,460,454</u>
Operating income	992,043	1,097,439
Non-operating revenue (expense)		
Interest income	13,654	12,505
Interest expense	<u>(53,341)</u>	<u>(62,808)</u>
Total non-operating revenue (expense)	<u>(39,687)</u>	<u>(50,303)</u>
Changes in net position	952,356	1,047,136
Net position, beginning of year	<u>3,367,447</u>	<u>2,320,311</u>
Net position, end of year	<u>\$ 4,319,803</u>	<u>\$ 3,367,447</u>

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

**Parking Authority of the City of Newark
Essex County, New Jersey
Statements of Cash Flows
Years Ended December 31, 2013 and 2012**

	2013	2012
Cash flows from operating activities		
Cash received from ticket sharing	\$ 1,846,206	\$ 1,665,310
Cash received from meter collections	2,358,420	2,179,442
Cash received from event parking	238,170	131,549
Cash received from parking lot	26,904	32,624
Cash received from lease and other	572,928	640,246
Payments to employees	(1,684,181)	(1,393,343)
Payments for employee benefits and payroll taxes	(723,691)	(590,886)
Other operating disbursements	<u>(1,304,120)</u>	<u>(1,441,233)</u>
Net cash provided by operating activities	1,330,636	1,223,709
Cash flows from investing activities		
Purchase of certificate of deposit	(399)	-
Interest on investments	13,654	12,505
Purchases of property and equipment	<u>(88,779)</u>	<u>(25,734)</u>
Net cash used by investing activities	(75,524)	(13,229)
Cash flows from capital and related financing activities		
Interest expense	(57,216)	(64,871)
Repayments of long-term debt	<u>(146,864)</u>	<u>(147,249)</u>
Net cash used by capital and related financing activities	<u>(204,080)</u>	<u>(212,120)</u>
Net increase in cash	1,051,032	998,360
Cash, beginning of year		
Cash	1,376,657	1,850,645
Designated cash	1,500,363	-
Restricted cash	<u>27,317</u>	<u>55,332</u>
	<u>2,904,337</u>	<u>1,905,977</u>
Cash, end of year		
Cash	2,443,235	1,376,657
Designated cash	1,507,226	1,500,363
Restricted cash	<u>4,908</u>	<u>27,317</u>
	<u>\$ 3,955,369</u>	<u>\$ 2,904,337</u>
Cash flows from operating activities		
Net operating income	\$ 992,043	\$ 1,097,439
Adjustments to reconcile operating income to net cash provided by operating income		
Depreciation and amortization	163,191	160,178
Change in:		
Accounts receivable	54,513	91,279
Prepaid expenses	(5,958)	(5,928)
Accounts payable	20,606	(115,794)
Accrued expenses	69,982	28,886
Due to City of Newark	<u>36,259</u>	<u>(32,351)</u>
Net cash provided by operating activities	<u>\$ 1,330,636</u>	<u>\$ 1,223,709</u>

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

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012**

1. GENERAL

Authorizing Legislation

The Parking Authority of the City of Newark, hereinafter called the "Authority," was created and established by virtue of an ordinance duly adopted by the City Council of the City of Newark entitled "An Ordinance Creating the Parking Authority of the City of Newark, Adopted by the Municipal Council August 3, 1955," adopted on April 4, 1956, creating the Parking Authority of the City of Newark (collectively the "Creation Ordinance"), pursuant to the Parking Authority Law (N.J.S.A. 40p:11a-1 et seq.) of the State of New Jersey, as amended and supplemented (the "Act") and the Authority is a public body corporate and politic of the State of New Jersey and an agency of the City with all the powers, privileges and authority conferred by the Act. It consists of five members appointed by the Mayor of Newark with the advice and consent of the City Council. The Authority has no stockholders or equity holders. Accounts of the Authority are maintained in conformity with accounting principles generally accepted in the United States of America.

It is the purpose and policy of the Authority, among other things to provide such services and facilities as permitted under the Act and by contract with the City of Newark including (i) enforcing applicable statutes, ordinances and regulations governing parking in the City of Newark, including ticketing and the provision, either directly or indirectly, towing services and storage and impound facilities; (ii) operating the parking meter operation of the City including maintaining, servicing and enforcement relating thereto; and (iii) management of the Parking Enforcement Officers in the performance of their duties.

On August 6, 2008, the City of Newark, upon approval of resolution 7R1-BE "Inter-local Agreement", authorized the delivery of certain parking assets (parking meters) to the Parking Authority of the City of Newark, and obligating the Authority to make certain periodic payments to the City in respect of debt service on City obligations to finance such parking assets. The Authority took control of the parking assets and meter collections on September 8, 2008. The Inter-local Agreement also gave the Newark Parking Authority the power to issue meter violation tickets, motor vehicle towing services, operate storage facilities and issue residential parking permits.

Upon execution of the above agreement, the Authority received parking assets (parking meters) worth \$957,739 and cash in the amount of \$542,261. The cash proceeds are restricted by the City of Newark for the future purchase of parking assets only. As of December 31, 2013 and 2012 the unspent restricted funds amounted to \$4,908 and \$27,317, respectively. The Authority was held liable for Bond Anticipation Notes in the amount of \$1,425,000, which is explained in detail in Note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The term measurement focus is used to denote what is being measured and reported in the Authority's financial statements. The Authority is accounted for on the flow of economic resources measurement focus. The fundamental objective of the focus is to measure whether the Authority is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction is recognized on the Authority's financial statements. The Authority uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends. The Authority has elected to follow Financial Accounting Standards Board pronouncements issued before November 30, 1989, and all pronouncements of the Governmental Accounting Standards Board.

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012**

The Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 34, "Basis Financial Statements - and Management Discussion and Analysis - for State and Local Governments." Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components, invested in capital assets, net of related debt, restricted and unrestricted. The Authority also adopted the provisions of Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement No. 65 "Items Previously Reported as Assets and Liabilities". Statement No. 63 requires Deferred Outflows of Resources be reported in a separate section after the assets, Deferred Inflows of Resources be reported in a separate section after liabilities, and replaces term "Statement of Net Assets" with "Statement of Net Position". Statement No. 65 amends the financial statement classification of certain items to be included in the deferred inflows and outflow categories.

The classifications of net position are defined as follows:

- *Invested in capital assets, net of related debt* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net assets component as the unspent proceeds.
- *Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The adoption of Governmental Accounting Standards Board Statements 34, 63 and 65 have no significant effect on the basic financial statements, except for changing the term "Net Assets" to "Net Position" throughout the financial statements in accordance with Statement No. 63.

The Authority's policy is to first apply restricted resources when an expense is incurred for purposes in which both restricted and unrestricted funds are available.

The Authority's financial statements include all the accounts of all the Authority's operations. The primary criterion for including activities within a reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Account and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the primary government holds the corporate powers of the organization;
- the primary government appoints a voting majority of the organization's board;
- the primary government is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the primary government;
- there is a fiscal dependency by the organization on the primary government.

Based on the above criterion, the Authority is a component unit of the City of Newark. The Authority does issue separate financial statements from the City of Newark.

Based on the aforementioned criterion, the Authority has no component units.

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012**

Non-exchange Transactions

The Authority also adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. This statement required that capital contributions to the Authority be presented as a change in net position.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, depreciation and contingencies. Actual results could differ from those estimates.

Operating Revenues and Revenue and Cost Recognition

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. The Authority recognizes meter revenues as they are collected and recognizes all other revenues in accordance with customer agreements. The costs of such services are accrued as incurred.

Pension Plan

Substantially all employees participate in the Public Employees' Retirement System (PERS). The Division of Pensions and Benefits within the Treasury Department of the State of New Jersey is the administrator of the funds. The plan does not maintain separate records for each Authority in the State and, therefore, the actuarial data for the Authority is not available.

The plan provides retirement, annual cost of living adjustments and death benefits to plan members and beneficiaries. The plan is a cost sharing multiple employer defined benefit plan. The Division of Pensions and Benefits issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions and Benefits.

Covered employees are required by State Statute to contribute 6.64 percent of their salary to the plan through June 2013 and 6.78 percent effective July 2013. In addition, the PERS bills the Authority annually according to an actuarially determinable rate for its required contribution.

The contribution requirements of plan members and the Authority are established and may be amended by the Board of Trustees of the plan. All required contributions were made. The Authority contributed \$133,691 and \$117,921 to the plan for the years ended December 31, 2013 and 2012, respectively.

Compensated Absences

The Authority permits employees to accrue unused vacation and sick pay. Vacation pay may be taken as time off or paid upon retirement at an agreed upon rate and is accrued in the period incurred. Sick pay may only be taken as time off and is not accrued in the period earned as employees are not reimbursed upon retirement for their accrued sick time. Accumulated vacation time amounted to \$32,387 and \$12,912 for the years ended December 31, 2013 and 2012, respectively. Such amount is reflected on the Statement of Net Position in accrued expenses.

Accounts Receivable

Accounts receivable is primarily comprised of amounts due from the New Jersey Performing Arts Center Corporation ("NJ PAC") for the basic rent for the months of October 2013 through December 2013, and from amounts due from the City of Newark of the Authority's portion of ticket sharing revenue for the months of November 2013 and December 2013. The Authority believes that an allowance for doubtful accounts is not necessary due to its past history of collecting all accounts from NJ PAC and due to its past dealings with the City of Newark.

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012**

Reclassifications

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Such reclassifications had no effect on the net position of the Authority.

Advertising

The Authority expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2013 and 2012 approximated \$6,000 and \$6,600, respectively.

New Accounting Pronouncements

In June 2012, the Government Accounting Standards Board ("GASB") issued GASB statement number 68, "Accounting and Financial Reporting for Pensions." This statement requires for defined benefit pension plans that the liability of employers and non-employer contributing entities to employees for defined benefit pension plans (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of this standard, if any.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The management of the Authority is not aware of any violations of finance related legal and contractual provisions.

Legal Compliance - Budgets

New Jersey Budget Law requires that all funds have legally adopted budgets and appropriations. Total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased provided they are offset by unanticipated revenues. All appropriations lapse at the end of each fiscal year to the extent that they have not been expended or encumbered. Authorization to transfer budgeted amounts between programs and/or departments within any fund and reallocation of budget line items within any program and/or department rests with the Authority's Board of Commissioners.

The accompanying Statements of Revenues, Expenses and Changes in Net Position and the Schedule of Operating Revenues and Expenditures – Budget and Actual have been prepared on a legally prescribed basis of accounting, which differs from GAAP in certain respects. Note 10 "*RECONCILIATION OF BUDGETARY BASIS AND GAAP*" has been prepared to identify these revenue and expenditure differences for governmental activities.

The Authority's budget is prepared for its funds on the modified accrual basis of accounting. Annual appropriated budgets are adopted for all general and enterprise type funds. Any material modification within the adopted budget cannot be made by Board of Commissioners without the Division of Local Government Services' approval.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012**

The market value of the collateral must equal five percent (5%) of the average daily balance of public funds; or

If the public funds deposited exceed seventy-five (75%) percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred (100%) percent of the amount exceeding seventy-five (75%) percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The Authority has complied with all statutes and regulations applicable to deposits and investments.

Cash equivalents include money market funds, mutual funds, cash management funds and certificates of deposit with maturity dates of less than three months. Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments were held by the Authority's Trustee in the Authority's name.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an authority will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Authority does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

Interest Rate Risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentrations - The Authority's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets.

As of December 31, 2013 and 2012 the Authority's cash, cash equivalents and investments consisted of:

	2013	2012
Wells Fargo – Checking	\$ -	\$ 7,187
PNC – Checking	29,348	18,188
PNC – Money Market	167,870	195,421
PNC – Payroll	-	249
City National – Checking	74,317	16,243
City National – Money Market	2,000,453	870,015
City National – Certificate of Deposit	39,785	39,251
City National – Real Estate Acquisition	502,409	500,121
City National – Real Estate Development	502,409	500,121
City National – Capital Improvement	502,409	500,121
Santander Bank – Checking	170,746	268,854
Santander Bank – Restricted	4,908	27,317
Petty cash	500	500
Total cash, cash equivalents and investments	3,995,154	2,943,588
Less: Investments	39,785	39,251
Total cash and cash equivalents	<u>\$ 3,955,369</u>	<u>\$ 2,904,337</u>

The carrying amount of the Authority's cash, cash equivalents and investments at December 31, 2013 was \$3,995,154 which consisted of \$3,950,461 unrestricted cash, \$4,908 restricted cash and \$39,785 invested in certificates of deposit, and the bank balance was \$3,981,279. Of the bank balance, \$623,162 was covered by Federal Depository Insurance and \$3,358,117 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the Federal deposit maximums.

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012**

5. LEASE AND SUBLEASE OF MILITARY PARK GARAGE

On August 14, 1997, the City of Newark leased to the Authority the property known as the Military Park Garage for a term of 50 years.

Under the terms of the lease, the Authority will pay to the City of Newark, each month, the basic rent which equals the City's debt service payments on the Redevelopment Bonds which is approximately \$36,000 per month. In addition, the lease requires the Authority to pay the City seventy percent of the net profits as defined in the lease. The remaining thirty percent is retained by the Authority for operations. Minimum lease payments for the next five years are expected to be approximately \$430,000 each year.

The Authority subleased the Military Park Garage to the New Jersey Performing Arts Center Corporation ("NJ PAC") for a term of 50 years. Under the terms of the lease, NJ PAC operates and manages the facility. NJ PAC is required to pay the Authority each month the basic rent which equals the City's debt service payments on the Redevelopment Bonds which is approximately \$36,000 per month. Minimum lease payments for the next five years are expected to be approximately \$430,000 per year. In addition, NJ PAC shall pay to the Authority forty-five percent of the net profits as defined in the lease. In accordance with the sublease, NJ PAC remitted basic rent in the amounts of \$423,904 and \$415,498 for the years ended December 31, 2013 and 2012, respectively, to offset the debt service on a \$5,000,000 bond issued by the City of Newark to fund one half of the cost of renovating the facility. In addition to the basic rent, NJ PAC remitted a percentage of net operating proceeds of \$206,428 and \$245,477 for the years ended December 31, 2013 and 2012, respectively. The lease is a net sublease, and all expenses of operation and repair are paid by NJ PAC.

6. LONG TERM DEBTS

Bond due to the City of Newark

Upon execution of the inter-local agreement and transfer of certain parking assets (parking meters) on August 6, 2008, the Authority became liable to make payments to the City of Newark for Bond Anticipation Notes in the amount of \$1,425,000. The notes, originally issued January 24, 2008 with a maturity of January 23, 2009, were renewed through January 20, 2010. Upon maturity, the debt service payments of the notes were negotiated and repayments began June 1, 2011 with final payment due June 1, 2020.

Ten annual principal repayments of \$142,500 are due until maturity. The notes bore interest at 3.00% during 2008, 3.25% during 2009 and increased to 5.00% for 2010 and thereafter. Interest expense for the years ended December 31, 2013 and 2012 amounted to \$53,341 and \$62,808, respectively, with interest payable as of December 31, 2013 and 2012 of approximately \$20,000 and \$25,000, respectively.

The City of Newark has not finalized its long-term financing plans with respect to the Series 2010 Notes, and therefore, the actual debt service payments are subject to change upon final negotiations.

Vehicle Loan

Vehicle loan at December 31, 2013 and 2012 consists of the following:

	2013	2012
Loan payable consisting of monthly payments of \$457.89, which includes interest of 10.69% due September 2013. Loan is secured by a vehicle.	\$ -	\$ 4,363
Less current maturities	<u>-</u>	<u>4,363</u>
Long term loan - less current maturities	<u>\$ -</u>	<u>\$ -</u>

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012**

The aggregate annual principal payments applicable to long term debts as of December 31, 2013 are as follows:

Year ending December 31:	Amount
2014	\$ 142,500
2015	142,500
2016	142,500
2017	142,500
2018	142,500
2019 and after	<u>285,000</u>
Total	<u>\$ 997,500</u>

7. CAPITAL ASSETS

Capital assets, which include furniture and fixtures, vehicles, and equipment are reported at cost less accumulated depreciation. The Authority depreciates all assets using the straight line method ranging from 3 to 20 years. Leasehold improvements and intangibles are amortized over the shorter of the useful life or lease term. Capital asset activity for the year ending December 31, 2013 was as follows:

	Balance as of 12/31/12	2013 Additions	Balance as of 12/31/13
Furniture and fixtures	\$ 47,798	\$ 3,645	\$ 51,443
Improvements	33,867	5,515	39,382
Meters	1,587,467	22,409	1,609,876
Computers	34,274	-	34,274
Vehicles	188,061	57,210	245,271
Intangible	<u>9,850</u>	<u>-</u>	<u>9,850</u>
	1,901,317	88,779	1,990,096
Less: accumulated depreciation and amortization	<u>557,641</u>	<u>163,191</u>	<u>720,832</u>
Net property and equipment	<u>\$ 1,343,676</u>	<u>\$ (74,412)</u>	<u>\$ 1,269,264</u>

Depreciation and amortization expense for the years ended December 31, 2013 and 2012 was \$163,191 and \$160,178, respectively.

Capital assets acquired through capital lease obligations consisted of the following at December 31:

	2013	2012
Vehicles	\$ 76,585	\$ 76,585
Less: accumulated amortization	<u>73,872</u>	<u>58,556</u>
	<u>\$ 2,713</u>	<u>\$ 18,029</u>

For the years ended December 31, 2013 and 2012 amortization expense for capital lease assets included in the preceding depreciation and amortization amounts amounted to \$15,316.

8. COMMITMENTS

The Authority leases office space under operating leases. The office lease is a non-cancellable lease which was renewed February 11, 2011 for a period of five years. Rent expense for the years ended December 31, 2013 and 2012 amounted to \$132,123 and \$132,591, respectively.

**Parking Authority of the City of Newark
Essex County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012**

The approximate aggregate future minimum annual office rental commitments under non-cancelable lease are as follows:

Year	Amount
2014	\$ 128,785
2015	135,972
2016	35,890

9. CONTINGENT LIABILITIES

Grantor Agencies – Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Any audit resulting in disallowed costs may constitute a liability. The Authority is unaware of any such liabilities.

Litigation – The Authority is involved in numerous claims, lawsuits, and complaints that have been filed and/or are pending arising out of the normal course of business. These claims pertain to matters such as personal injuries, wrongful terminations, contractor disputes, and the enforcement of a consent order. Management believes that some cases are without merit and the others are adequately covered by insurance, so that if litigated unfavorably, the results will not have a material adverse effect on the financial statements. No additional provision for the effects, if any, of these claims is necessary in the financial statements.

10. RECONCILIATION OF BUDGETARY BASIS AND GAAP

The accompanying “*Schedule of Operating Revenues and Expenditures Compared to Budget for the Year Ended December 31, 2013*” presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective and entity differences in excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended December 31, 2013 is presented below:

Excess of revenues over expenditures (Budgetary basis)	\$ 879,905
Adjustments to reconcile to GAAP basis	<u>72,451</u>
Change in net position (GAAP basis)	<u>\$ 952,356</u>

11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after December 31, 2013 through the date of May 8, 2014, which is the date the financial statements were available to be issued. Based on this evaluation the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**Parking Authority of the City of Newark
Essex County, New Jersey
Schedules of Cash Receipts and Disbursements and Changes in Cash and Investments
Years Ended December 31, 2013 and 2012**

	2013	2012
Cash and investments, January 1,	\$ 2,943,588	\$ 1,945,228
Receipts		
Ticket sharing	1,846,206	1,665,310
Meter collections	2,358,420	2,179,442
Event parking	238,170	131,549
Parking lot	26,904	32,624
Lease and other	572,928	640,246
Interest on investments	<u>13,789</u>	<u>12,505</u>
	5,056,417	4,661,676
Disbursements		
Operating expenses	3,711,992	3,425,462
Purchases of property and equipment	88,779	25,734
Payment of loan and interest payable for capital asset	<u>204,080</u>	<u>212,120</u>
	<u>4,004,851</u>	<u>3,663,316</u>
Cash and investments, December 31,	<u>\$ 3,995,154</u>	<u>\$ 2,943,588</u>
Balance comprised of		
Cash	\$ 3,955,369	\$ 2,904,337
Certificate of Deposit	<u>39,785</u>	<u>39,251</u>
	<u>\$ 3,995,154</u>	<u>\$ 2,943,588</u>

See Independent Auditors' Report.

**Parking Authority of the City of Newark
Essex County, New Jersey
Schedule of Operating Revenues and Expenditures Compared to Budget
Year Ended December 31, 2013**

	2013 Budget	2013 Actual	Favorable (Unfavorable) *
Operating revenue:			
Ticket sharing	\$ 1,611,116	\$ 1,726,230	\$ 115,114
Meter collections	2,421,312	2,358,420	(62,892)
Event parking	83,400	238,170	154,770
Parking lot	24,000	26,904	2,904
MPG lease	693,763	573,191	(120,572)
Non operating revenue:			
Reimbursed operating expense - City of Newark	55,000	55,000	-
Interest income	10,000	13,654	3,654
Food truck permit program	-	10,200	10,200
Total revenues	\$ 4,898,591	\$ 5,001,769	\$ 103,178
Operating expense:			
Administrative and general:			
Salaries	\$ 1,716,417	\$ 1,718,975	\$ (2,558)
Fringe benefits and payroll taxes	600,748	758,875	(158,127)
Accounting fees	40,000	20,000	20,000
Audit examination	25,000	16,500	8,500
Legal fees	100,000	67,364	32,636
Physical and drug exams	4,600	1,919	2,681
Parking consultant	80,000	51,827	28,173
Office expenses	40,000	28,241	11,759
Bank fees/visa debit	15,000	16,684	(1,684)
Telephone/wireless	45,000	51,702	(6,702)
Broadband/internet	3,500	1,850	1,650
Security alarm system	600	2,316	(1,716)
Travel/conference/training	25,000	25,272	(272)
Payroll expense	12,500	12,196	304
Luncheon meeting	2,500	2,280	220
Advertising	10,000	6,004	3,996
Vehicle expense	54,000	42,427	11,573
Uniforms	20,000	7,080	12,920
Equipment maintenance	27,000	-	27,000
IT support	15,000	14,194	806
Insurance	167,000	149,187	17,813
Postage	1,000	1,354	(354)
Parking meter repair	27,000	20,151	6,849
Interest expense	57,000	53,341	3,659
Rent	150,000	132,123	17,877

See Independent Auditors' Report.

**Parking Authority of the City of Newark
Essex County, New Jersey
Schedule of Operating Revenues and Expenditures Compared to Budget
Year Ended December 31, 2013**

	2013 Budget	2013 Actual	Favorable (Unfavorable) *
(continued)			
Parking tax	8,000	50,970	(42,970)
Printing/badges	3,000	990	2,010
PATS tickets	30,000	27,801	2,199
Parking permits	46,800	27,032	19,768
Parking studies	75,000	22,033	52,967
Event expenses	17,500	85,357	(67,857)
Jackson parking lot utilities	1,400	836	564
Jackson parking lot snow removal	5,000	5,139	(139)
Lease payment - City of Newark	649,084	464,202	184,882
Total administrative and general	4,074,649	3,886,222	188,427
Non-operating expense			
Bond payments	142,500	142,500	-
Vehicle purchases	60,000	57,210	2,790
Furniture and fixture purchases	-	9,160	(9,160)
Vehicle loan payments	5,491	4,363	1,128
Equipment	145,000	22,409	122,591
Total non-operating expense	352,991	235,642	117,349
Total expenses	<u>\$ 4,427,640</u>	<u>\$ 4,121,864</u>	<u>\$ 305,776</u>

* See MD&A page A5 for management explanation regarding significant differences.

**Parking Authority of the City of Newark
Essex County, New Jersey
Roster of Officials
Year Ended December 31, 2013**

Board of Commissioners

LaVar Young

Hubert Graham

DeAndre Rudolph

Raquel Cagely

A. Dean Rawls

Position

Chairperson

Vice Chairperson

Treasurer

Secretary

Commissioner

Other Officials

Ernest R. Booker, Esq.

Phil G. George, Esq.

Ethelyn S. Bowers

Gabriela Santos

Executive Director

Director of Compliance & Development

Director of Operations

Manager of Fiscal Operations & Control

**Parking Authority of the City of Newark
Essex County, New Jersey
Miscellaneous Statistics
Year Ended December 31, 2013**

Form of Government	Authority
Number of employees	36
Number of parking lot spaces	55
Number of event parking space – McCarter Lot	123
Number of parking spaces Military Park Garage	990
Number of parking meter spaces	2,149

**Parking Authority of the City of Newark
Essex County, New Jersey
Schedule of Findings and Recommendations
Years Ended December 31, 2013 and 2012**

Schedule of Financial Statement Findings

This section identifies the material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulations, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Material Weaknesses

None noted