EAST ORANGE PARKING AUTHORITY

REPORT OF AUDIT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

EAST ORANGE PARKING AUTHORITY

YEAR ENDED DECEMBER 31, 2022

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REPORT OF AUDIT ON THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

SAMUEL KLEIN AND COMPANY, LLP
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INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman and Authority
Commissioners
The Parking Authority of the City of East Orange
60 Evergreen Place, Suite 503
East Orange, New Jersey

Qualified Opinion

We have audited the accompanying financial statements of the East Orange Parking Authority, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the East Orange Parking Authority, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As described in Finding 2022-01 of the financial statements, the Authority was not recording depreciation as an expense in accordance with accounting principles generally accepted in the United States of America. The amount by which this departure would affect property, plant and equipment, net accumulated depreciation, and invested in capital assets has not been determined.

As described in Finding 2022-02 of the financial statements, the Authority has excluded its obligation for accrued compensated absences from liabilities. In our opinion, accounting principles generally accepted in the United States of America require that such obligations be included in the Statement of Financial Position. The amount by which this departure would affect liabilities has not been determined.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the East Orange Parking Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the East Orange Parking Authority's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

The financial statements of East Orange Parking Authority for the year ended December 31, 2021, were audited by another auditor, who expressed a modified opinion on those statements on October 28, 2022. We do not express an opinion or provide any assurance on them.

Required Supplementary Information

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

Change in Accounting Principles

As discussed in Note 2 to the financial statements, East Orange Parking Authority changed its method of accounting for leases. This change was made in the year 2022 as required by the provisions of GASB Statement No. 87, *Leases.*

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The supplementary information has not been subjected to the auditing procedures applied in the audit 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 September 12, 2025, on our consideration of the East Orange Parking Authority's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Bergen Parking Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the East Orange Parking Authority's internal control over financial reporting and compliance.

SAMUEL KLEIN AND COMPANY, LLP

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
September 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the East Orange Parking Authority's ("the Authority") annual financial report, the management of the Authority provides narrative discussion and analysis of the financial activities of the Authority for the audit year ending December 31, 2022.

The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

Discussion of Financial Statements Included in the Annual Audit

The Authority prepares and presents its financial statements and schedules on several different accounting bases, because of reporting requirements and for internal use purposes.

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 basic financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. These statements are the official financial statements of the East Orange Parking Authority.

All the current year's revenues and expenses are accounted for in *the Statement of Revenues, Expenses, and Changes in Net Position*. This statement measures the results of the Authority's operations over the past year and can be used to determine whether the Authority has recovered all its costs through its revenue sources and other changes, 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 and cash equivalents resulting from operations, investing and capital activities.

The notes to 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.

Contained in the supplementary information are schedules that report *the Comparative Schedules of Operating Revenues and Expenditures Compared to Budget*. This schedule compares budgeted revenues and expenses to "Actual" revenues and expenses. This includes both operating and non-operating revenues and expenses.

The Budget to Actual Schedule is a significant tool used by management staff to measure financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the financial statements of the East Orange Parking Authority, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. This is the first set of statements included in the annual audit report.

Condensed Statements of Net Position

The condensed statements of net position present the financial position of the Authority. It presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Condensed Statements of Net Position (Continued)

A summary of the Authority's statements of net position are as follows:

	2022	(For Memorandum Only) 2021
Assets and Deferred Outflows of Resources		
Current Assets	$ 360,062	$ 317,376
Non-Current Assets	116,089	2,500
Capital Assets	1,061,483	1,046,381
Deferred Outflows of Resources:		
Pension related	62,785	81,887
Total Assets and Deferred Outflows of Resources	$ 1,600,419	$ 1,448,144
Liabilities and Deferred Inflows of Resources		
Current Liabilities	$ 76,600	$ 50,632
Non-Current Liabilities	212,959	191,649
Deferred Inflows of Resources:		
Pension Related	72,650	127,986
Leases	147,647	-
Total Liabilities and Deferred Inflows of Resources	509,856	370,267
Net Position:		
Investment in Capital Assets	1,061,483	1,046,381
Unrestricted:		
Designated	280,130	280,130
Undesignated	(251,050)	(248,634)
Total Net Position	1,090,563	1,077,877
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,600,419	$ 1,448,144

Condensed Statements of Net Position (Continued)

Current assets

Total current assets as of December 31, 2022, increased by $42,686 compared to December 31, 2021. The change is predominately due to the increase in the leases receivable, current portion.

Noncurrent Assets

The total non-current assets as of December 31, 2022, increased by $113,589 compared to December 31, 2021. The change is primary due to the increase in the leases receivable, less current portion.

Deferred Outflows of Resources

A deferred outflow of resources is defined as "a consumption of net position by the government that is applicable to a future reporting period". Deferred outflows of resources related to pension decreased in 2022 by $19,102 compared to 2021. The decrease resulted from an overall decrease in pension liability from the State actuarial calculation.

Current Liabilities

Current liabilities will be paid in the next twelve months after the balance sheet date. Current liabilities increased in 2022 by $25,968 compared to 2021. The increase is primarily due to the increase in accrued expenses for professional fees and rent.

Non-Current Liabilities

Non-current liabilities will be paid beyond the next twelve months (12) after the balance sheet date. Non-current liabilities increased in 2022 by $21,310. The increase is primarily due to the increase in net pension liability.

Deferred Inflows of Resources

A deferred inflow of resources is defined as "an acquisition of net position by the government that is applicable to a future reporting period". Deferred inflows of resources related to pension decreased in 2022 by $55,336 compared to 2021. The decrease resulted from the State actuarial calculation of deferred inflows of resources related to the Authority's proportional share of the PERS net pension liability. Deferred inflows of resources related to lease increased in 2022 by $147,647 compared to 2021. The increase primarily resulted from an adoption of GASB No.87 in 2022.

Condensed Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position present information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., payroll deductions payable).

A summary of the Authority's statements of revenues, expenses and changes in net position are as follows:

	2022	(For Memorandum Only) 2021
Revenues:		
Operating Revenues	$ 522,165	$ 384,456
Non-Operating Revenues	7,197	45,018
Total Revenues	529,362	429,474
Expenses:		
Operating Expenses	516,676	372,385
Non-Operating Expenses	-	40,716
Total Expenses	516,676	413,101
Changes in Net Position	12,686	16,373
Net Position - Beginning of Year	1,077,877	1,061,504
Net Position , End of Year	$ 1,090,563	$ 1,077,877

Operating Revenues

The Authority's operating revenues increased in 2022 by $137,708 compared to 2021. The increase is primarily from an increase in parking permits revenue and ticket sharing revenue.

Operating Expenses

Total operating expenses increased in 2022 by $144,291 compared to 2021. This increase was mainly from an increase in administrative and general expenses, salaries and professional fees.

Non-Operating Revenues and Expenses

Total non-operating revenues and expenses increased in 2022 by $2,895 compared to 2021. The increase was primarily due to the decrease in capital improvements expense, decreased in city contributions, offset by the increase in interest earned on leases.

Condensed Statements of Revenues, Expenses and Changes in Net Position (Continued)

Net Position

Total assets and deferred outflows of resources of the Authority as of December 31, 2022, were $1,600,419, while total liabilities and deferred inflows of resources were approximately $509,856, resulting in assets and deferred outflows of resources exceeding liabilities and deferred outflows of resources by $580,707.

Budgetary Highlights

The Authority prepares and submits an annual operating budget to the State of New Jersey, which approves the budget for adoption by the Authority prior to the beginning of the fiscal year. The following table provides a 2022 budget to actual comparison:

2022 BUDGET VS. ACTUAL

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Operating Revenues	$ 387,334	$ 527,060	$ 139,726
Non-Operating Revenues	18	4	(14)
Total Revenues	387,352	527,064	139,712
Operating Appropriations:			
Personnel and Other	210,660	215,453	(4,793)
Administrative and general	168,614	314,705	(146,091)
Total Operating Appropriations	379,274	530,157	(150,883)
Excess (defict) - Budgetary Basis	$ 8,078	$ (3,093)	$ (11,171)

Governing Body

The Governing Body of the East Orange Parking Authority for the year ended December 31, 2022, consists of a 7-member board that is appointed for five-year terms by the East Orange City Council and Commissioners.

The Authority Board Members are as follows:

Marijani Jones
Appiffanny A. Boston
Crystal G. Booker
Medinah Muhammad
Derick Samuels
Brian LaSure
Kevin McManimon

Accountability

The Authority's mission is to construct, improve, maintain, and operate off-street parking facilities, to promote parking and traffic improvements and thereby facilitate the free flow of traffic through city street. This is accomplished by maintaining parking meters, off-street parking lots, and a residential parking program throughout the City of Orange. Always responsive to the publics' need in compliance with the applicable laws, rules and regulations, the Authority will continue to set and exceed the standards for the provision of parking, while operating the most efficient system and maintaining a cost-effective budget.

Economic Factors, Future Years' Budgets and Rates

The Commissioners and management of the Authority consider many factors when preparing each year's budget annual charges. Two of the main factors are growth in the Authority's system and new regulations issued by the State and Federal governments.

Contacting the Authority

These financial statements are designated 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 East Orange located at 60 Evergreen Place, Suite 503, East Orange, New Jersey 07018.

BASIC FINANCIAL STATEMENTS

EAST ORANGE PARKING AUTHORITY

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	(For Memorandum Only) 2021
Current Assets:		
Cash and Cash Equivalents	$ 284,669	$ 247,319
Accounts Receivable	27,835	70,057
Leases Receivable, current portion	47,559	-
Total Current Assets	360,062	317,376
Security Deposit	2,500	2,500
Leases receivable, net of current portion	113,589	-
Capital assets	1,061,483	1,046,381
Total Assets	1,537,634	1,366,257
Deferred outflows of resources		
Pension Related	62,785.00	81,887.00
Total Assets and Deferred Outflows of Resources	$ 1,600,419	$ 1,448,144

See accountants independent report and accompanying notes to financial statements.

EAST ORANGE PARKING AUTHORITY

STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**2022**	**(For Memorandum Only) 2021**
Current Liabilities:		
Accounts Payable	$ 33,500	$ 5,000
Accrued expenses	43,100	45,632
Total Current Liabilities	76,600	50,632
Non-current Liabilities:		
Net Pension Liability	212,959	191,649
Total Non-current Liabilities	212,959	191,649
Total liabilities	289,559	242,281
Deferred Inflow of Resources:		
Pension Related	72,650	127,986
Leases	147,647	-
Total Deferred Inflows of Resources	220,297	127,986
Net Position		
Investment in Capital Assets	1,061,483	1,046,381
Unrestricted:		
Designated	280,130	280,130
Undesignated	(251,050)	(248,634)
Total Net Position	1,090,563	1,077,877
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 1,600,419	$ 1,448,144

See accountants independent report and accompanying notes to financial statements.

EAST ORANGE PARKING AUTHORITY

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
AS OF DECEMBER 31, 2022 AND 2021

	2022	(For Memorandum Only) 2021
Operating Revenue:		
Parking Permits	$ 232,537	$ 83,985
Ticket Sharing	148,833	93,089
Meter Collections	67,387	57,936
Leases:		
Evergreen Lease	46,054	149,446
Oar Central Lease	27,354	-
Total Operating Revenue	522,165	384,456
Operating Expenses:		
Salaries	215,453	178,826
Fringe benefits and payroll taxes	18,461	19,911
Pension expense, net	4,314	29,110
Professional fees	47,635	10,397
Lease Payment	30,000	25,000
Administrative and general expenses	200,815	109,142
Total Operating Expenses	516,676	372,385
Operating Income	5,488	12,071
Nonoperating Revenue and (Expenses):		
Interest Income Earned on Investments	4	18
Interest Income Earned on Lease	7,193	-
City Contributions	-	45,000
Capital Improvements	-	(40,716)
Total Nonoperating Revenue and (Expenses)	7,197	4,302
Change in Net Position	12,686	16,373
Net Position, Beginning of Year	1,077,877	1,061,504
Net Position, End of Year	$ 1,090,563	$ 1,077,877

See accountants independent report and accompanying notes to financial statements.

EAST ORANGE PARKING AUTHORITY

COMPARATIVE STATEMENTS OF CASH FLOWS
AS OF DECEMBER 31, 2022 AND 2021

	2022	(For Memorandum Only) 2021
Cash Flows from Operating Activities:		
Cash Received from Parking Permits, Meter Collections and Ticket Sharing	$ 537,033	$ 348,762
Cash received from lease and other	(13,012)	-
Payments to employees	(216,917)	(196,223)
Payments to suppliers	(254,653)	(177,687)
Net Cash Provided (Used) by Operating Activities	52,451	(25,148)
Cash Flows from Investing Activities :		
Interest Income Received	4	18
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets	(15,106)	-
City Contributions	-	45,000
Capital Improvements	-	(40,716)
Net Cash Provided (Used) by Capital and Related Financing Activities	(15,106)	4,284
		-
Net change in cash and cash equivalents	37,350	(20,846)
Cash, Beginning of Year	247,319	268,165
Cash, End of Year	$ 284,669	$ 247,319
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Income	$ 12,686	$ 12,071
Change in:		
Accounts Receivable	42,222	(35,485)
Lease Receivable	(161,147)	-
Accounts Payable and Accrued Expenses	25,968	12,365
Net pension liability	21,310	12,075
Deferred Outflows of Resources Related to Pension	19,102	(33,416)
Deferred Inflows of Resources Related to Pension	(55,336)	7,242
Deferred Inflows Related to Leases	147,647	-
Net Cash Provided by Operating Activities	$ 52,451	$ (25,148)

See accountants independent report and accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. GENERAL

The Parking Authority of the City of East Orange ("the Authority") is a public body politic, corporate organized, and existing under an act of the New Jersey Legislature N.J.S. 40:11A-1, at seg. It was created by virtue of "Ordinance #14-70, creating the Parking Authority of the City of East Orange" adopted by the Council of the City of East Orange on March 10, 1970. The Authority was organized on May 25, 1970, and consists of seven members appointed by the City Council of the City of East Orange.

The Authority is dedicated to promoting the free flow of traffic by providing, managing, and maintaining public street parking. It also constructs clean, safe, and affordable street parking lots and facilities to relieve traffic congestion. The Authority's mission is to construct, improve, maintain, and operate off-street parking facilities, to promote parking and traffic improvements and thereby facilitate the free flow of traffic through city street. As a public body, under existing statue, the Authority is exempt from federal, state and local taxes.

The Authority's fiscal year is the twelve-month period ending December 31, on any year, or such twelve-month period, which the Authority may establish by Resolution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are as described below.

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

The Authority adopted the provisions of GASB No.34, *"Basic 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 deficit, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets - 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 position component as the unspent proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Financial Statements (Continued)

- 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 does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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 of 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.

Non-Exchange Transactions

The Authority presents capital contributions as a change in net position under provisions of GASB *Statement Number 33*, *Accounting and Financial Reporting for Non-Exchange Transactions.* This statement required that capital contributions to the Authority be presented as 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. Significant estimates include the useful lives of capital assets and depreciation expense, and the net pension liability and related deferred outflows and inflows of resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED))

Operating Revenues and Revenue and Cost Recognition

Operating revenue (reciprocal transfers) is recognized when services are performed or in accordance with customers agreements. The Authority generates revenue by offering daily/hourly parking in its facilities. Residents/Visitors/Businesses have the ability to purchase monthly parking permits at Authority's offices and kiosk locations. Lot revenue is earned by leasing space within Authority's parking lot locations. In addition, the Authority controls on-street meters within the City of East Orange. By enforcing on-street parking, the Authority issues tickets and collects revenue from enforcement of those tickets (court revenue). Court enforces the ticket and pays a portion on the revenue back to the Authority. The costs of all services are accrued as incurred and are included in the operating expenses section on *Comparative Statements of Revenues, Expenses and Changes in Net Position.*

Non-Operating Revenue

Non-operating revenue (non-reciprocal transfer) consist of interest income investments earnings. Interest income is recognized when earned. Gains on capital assets are recognized when the sale of the capital asset exceeds the net book value of the asset and are recognized on the date of sale.

Compensated Absences

The Authority follows the guidance under provision of GASB Statement Number 16, *Accounting for Accumulated Absences*. Sick pay may only be taken as time off or paid upon retirement. In the event of termination or retirement, an employee is reimbursed for accumulated sick leave only. Accumulated unpaid vacation and sick days is accrued when earned. For the year ended December 31, 2022, the Authority did not reflect accumulated absences on the Statement of Net Position in accrued liabilities.

Accounts Receivable

Accounts receivable is primarily comprised of amounts due from the City of East Orange for Court summons surcharges. The Authority believes an allowance for doubtful accounts is not necessarily due to its past history of collecting all accounts from the court.

Impairment of Capital Assets

The Authority reviews for the impairment of long-lived assets subject to depreciation and amortization, including property and equipment, whenever events or changes in circumstances indicate that the carrying amount of these capital assets may not be recoverable in accordance with ASC 350 and ASC 360. Specifically, this process involves comparing the Authority's capital assets carrying values to the estimated undiscounted future cash flows the assets are expected to generate over their remaining lives. If this process were to result in the conclusion that the carrying value of long-lived capital assets would not be recoverable, then a write down of the assets would be recorded through a charge to earnings equal to the difference in the fair value of the assets and their carrying value. For the years ended December 31, 2022, management has determined that there were no such impairment losses of capital assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Authority expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2022, are approximated $1,256.

Deferred Outflow/Inflow of Resources

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflow of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Pension

For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms (See Note 6).

Recently Adopted Accounting Pronouncements

Leases

On January 1, 2022, the Authority adopted Accounting Standards update GASB Statement No. 87, *"Leases*", which enhances requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lease is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources (See Note 5).

Subscription-Based Information Technology Arrangements

As of January 1, 2022, the Authority implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITA") for government and users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. The Authority had no arrangements which required recognition under this standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Pronounsements Not Yet Adopted

Accounting Changes and Error Corrections

GASB Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB 62, is effective for reporting periods beginning after June 15, 2023. The objective of this statement is to provide consistency for changes in accounting principles, accounting estimates, and the reporting entity and correction of errors.

Compensated Absences

GASB Statement No. 101, Compensated Absences, is effective for reporting periods beginning after December 15, 2023. The objective of this statement is to update the recognition and measurement for compensated absences.

Management has not completed its review of the requirements of these standards and their applicability.

Reclassification

Certain line items in the December 31, 2021, financial statements have been reclassified to conform to the December 31, 2022, presentation. These reclassifications have no effect on the change in net position previously reported.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The management of the Authority and Counsel 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. The annual budget serves also as the foundation for the Authority's planning and control. Management prepares a proposed budget, which is presented to the Authority's Board of Commissioners for review and approval. 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 9 *"RECONCILIATION OF BUDGETARY BASIS AND GAAP"* has been prepared to identify these revenue and expenditure differences for governmental activities.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Legal Compliance – Budgets Continued)

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 the Board of Commissioners without the Division of Local Government Services' approval. The Authority's 2022 Budget was approved by the Division of Local Government Services on November 31, 2021.

5. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

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) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund Investments is generally not required.

In addition, by regulation of the Division of Local Government Services, authorities are allowed to invest in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

- The market value of the collateral must equal 5% of the average daily balance of public funds; or;

- If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 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.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

New Jersey statutes permit the Authority to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

There were no securities that the Authority held that could be categorized as investments as defined by GASB Statement No. 40.

Risk Analysis

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk.

As of December 31, 2022, the Authority had funds of $284,303 on deposit in the checking account. These funds constitute “deposits with financial institutions” as defined by GASB Statement No. 40.

5. CAPITAL ASSETS

Capital Assets are stated at cost, which includes direct acquisition costs and other expenditures related to acquisition or construction. Acquisition that does not provide both current and future benefits are charged to current operating results. Cost of repairs and maintenance are charged to operations in the period incurred.

Depreciation is not recorded by the Authority.

The following schedule is a summarization of the changes in the major classes of capital assets for the year ended December 31, 2022:

	(For Memorandum Only) Balance Dec. 31, 2021	Additions	Disposals	Balance Dec. 31, 2022
Lang and Improvements	$ 904,463	$ -	$ -	$ 904,463
Meters	65,525	-	-	65,525
Vehicles	63,635	15,102	-	78,737
Equipment	12,758	-	-	12,758
Total Costs	$ 1,046,381	$ 15,102	$ -	$ 1,061,483

5. LEASES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

Evergreen Place

The Authority owns the parking lot commonly known as 2H, located at 99 Evergreen Place, in the City of East Orange. On April 1, 2020, Authority entered into an operating lease agreement to lease the parking lot to Evergreen Equities, LLC. The operating lease is for four years commencing on May 1, 2020, and ending April 30, 2024, with one (1) option to extend for an additional period of two (2) years. Monthly payments range from $3,840 to $4,579 over the course of the lease period. The Authority did not have any variable payments under the lease for the year ended December 31, 2022. The Authority's lease receivable, deferred inflows of resources related to lease, lease revenue, and interest revenue related to lease as of and for the year ended December 31, were as follows:

	2022
Lease receivable	$ 117,796
Deferred inflows of resources	$ 104,942
Lease revenue	$ 46,054
Interest revenue related to lease	$ 6,276

5. LEASES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)

Evergreen Place (Continued)

Aggregate principal maturities and interest on leases receivable are as follows:

December 31,	Principle	Interest	Total
2023	$ 47,559	$ 4,272	$ 51,831
2024	52,088	2,074	54,162
2025	18,149	168	18,317
Total	$ 117,796	$ 6,514	$ 124,310

Oar Central

On August 1, 2019, the Authority entered into an operating lease agreement with Oar Central Avenue, LLC to lease a parking lot (Lot 2C Cambridge Lot) located at 563 Central Avenue in the City of East Orange. The operating lease was for a period of three (3) years commencing on August 1, 2019, and ending July 31, 2022, with one (1) option to extend the term for an additional period of two (2) years.

In August 2022, the Authority extended the term for an additional period of two (2) years. The new operating lease commenced on August 1, 2022, with a new expiration date on July 31, 2024. Monthly payments range from $2,302 to $2,405 over the course of the lease period. The Authority did not have any variable payments under the lease for the year ended December 31, 2022. The Authority's lease receivable, deferred inflows of resources related to lease, lease revenue, and interest revenue related to lease as of and for the year ended December 31, were as follows:

	2022
Lease receivable	$ 43,351
Deferred inflows of resources	$ 42,706
Lease revenue	$ 27,354
Interest revenue related to lease	$ 918

5. LEASES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES (CONTINUED)

Oar Central (Continued)

Aggregate principal maturities and interest on leases receivable are as follows:

December 31,	Principle	Interest	Total
2023	$ 26,756	$ 1,388	$ 28,144
2024	16,595	246	16,841
Total	$ 43,351	$ 1,634	$ 44,985

6. PENSION PLAN

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administrated by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division of Pension's Comprehensive Annual Financial Report ("CAFR"), which can be found at https://www.nj.gov/treasury/pensions/financial-reports.shtml.

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

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

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

6. PENSION PLAN (Continued)

Employer and Employee Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

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

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 $17,795 to the plan for the year ended December 31, 2022.

Summary of Significant Accounting Policies

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of July 1, 2022. In accordance with GASB 68, the measurement date shall not be earlier than 1 year from the statement of net position date; therefore, the Authority has elected to utilize June 30, 2022, as the measurement date.

6. PENSION PLAN (Continued)

The Authority's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during years ended June 30, 2022. At December 31, the Authority's proportionate share and net pension liability was as follows:

	2022
PERS net pension liabilty (Local Group)	$ 11,972,782,878
Authority net pension liablitity	212,959
Authority's proportion	0.0014111279%

Pension expense, net is comprised of the following for the years ended December 31:

	2022
Proprtional share of allocable plan pension expense	$ (21,310)
Net amortization of deferral amounts from changes in proportion	25,624
Total employer pension expense excluding that attributable to employer-paid member contributions	$ 4,314

PARKING AUTHORITY OF THE CITY OF EAST ORANGE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

6. PENSION PLAN (Continued)

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

At December 31, 2022, the Authority reported deferred outflows or resources and deferred inflows of resources related to PERS as follows:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 1,537	$ 1,355
Change of Assumptions	660	31,888
Net Difference Between Projected and Actual Investment Earnings	8,814	31,506
Net Change in Proportions	31,018	-
Total Contributions and Proportionate Share of Contributions After the Measurement Date	-	-
	$ 42,029	$ 64,749

The $42,029 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Authority Year Ending December 31, 2022, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the Authority year ended December 31, 2022.

6. PENSION PLAN (Continued)

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

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

Year Ended June 30,	PERS Deferred Outflows/Inflows Net (Local Group)	Authority Share
2023	$ (1,294,523,233)	$ (18,668)
2024	(659,516,114)	(9,511)
2025	(321,633,159)	(4,638)
2026	701,681,878	10,119
2027	(1,541,299)	(22)
	$ (1,575,531,927)	$ (22,720)

Actuarial Assumptions

The collective total pension liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

	2022
Inflation rate	2.75%
Salary increses through 2026	2.75%-6.00% based on years of service
Thereafter	3.25% based on years of service
Investment rate of return	7.00%

For June 30, 2022, the following assumptions were used:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement form the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2022, valuation was based on the results of an actuarial experience study for the period July 1, 2018, to June 30, 2021.

6. PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return

In accordance with State statue, the long-term expected rate of return on plan investments (7% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	2.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	8.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

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

6. PENSION PLAN (CONTINUED)

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	December 31, 2022		
	At 1% Decrease 6.00%	At Current Discount Rate 7.00%	At 1% Increase 8.00%
Authority's Proportionate Share of the Pension Liability	$ 273,579	$ 212,959	$ 161,353

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees' Retirement System (PERS), which can be found at the following link www.state.nj.us/trasury/pensions/financial-reports.shtml.

7. CONTINGENT LIABILITIES

Litigation

In the normal course of business, the Authority is involved in certain legal matters. These cases, if decided against the Authority, would be funded by insurance. The Authority expects such amounts, if any, to be immaterial.

8. COMMITMENTS

Operating Lease

The Authority leases office space under operating lease. The lease is on a month-to-month basis with either party having the right to terminate upon prior written notice. Rent expense for the year ended December 31, 2022, was $30,000.

9. RECONCILIATION OF BUDGETARY BASIS AND GAAP

The accompanying "*Schedule of Operating Revenues and Expenditures Compared to Budget for the Year Ended December 31, 2022*" 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, 2022 is presented below:

Excess of Revenues Over Expenditures		
(Budgetary Basis)	$	(3,093)
Adjustments to Budgetary Basis		
Pension Expense, net (GASB 68 Adjustment)		13,481
Lease Revenue (GASB 87 Adjustment)		(4,896)
Interest Earned on Leases		7,193
Total Adjustments		15,779
Changes in Net Position	$	12,686

10. FINANCIAL INSTRUMENTS AND RELATED RISKS

Risk Management

Credit Risk

For cash and cash equivalents, receivables, accounts payable, payroll taxes payable, and employee benefit obligations, the carrying amounts of these financial instruments approximate their fair value due their short-term maturity.

The Authority, in the normal course of business, is exposed to credit risk from its customers. This risk is insignificant as the majority of the revenue (rental and permits revenues) is on a cash basis (credit card payments). Furthermore, a recovery for the meter operation revenue is operated under the jurisdiction of the Court of the City of East Orange, which has legislation and deterrents in place for unpaid fines. The Authority does not require an allowance for doubtful accounts due to the short-term collection of the court receivables.

11. FINANCIAL INSTRUMENTS AND RELATED RISKS

Risk Management

Credit Risk

In, addition the Authority has chosen traditional insurance coverage and contracted with private insurance carriers for risk of loss related to general liability, workmen's compensation, property damage and public officials' liability. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Authority for matters which may have been caused or related to the Authority or its employees.

12. INTERLOCAL SERVICE AGREEMENT

On December 1, 2020, the Authority entered into a Memorandum of Understanding (MOU) with the City of East Orange**.** The agreement states that the City shall pay to the Authority an amount equal to 50% of the penalty paid per ticket issued by the Authority's Parking Enforcement Officers, not including any Court costs imposed, issued to violators of the parking enforcement laws, rules or regulations and ordinances governing the use of the Parking Facilities that are processed by and for which are collected by the East Orange Municipal Court. In 2022 the City allowed the Authority to retain its portion of the penalty paid per ticket. As of December 31, 2022, the City paid $148,833 (100%) to the Authority.

13. UNRESTRICTED DESIGNATED NET POSITION

The Authority maintains funds, that although may be spent for any lawful purpose, have been designated by the Board for operation and maintenance. At December 31, 2022 the Authority reported a total amount of $280,130 of Unrestricted Net Position-Designated.

14. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 12, 2025, which is the date the financial statements were available to be issued. No items were determined to require disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

NORTH BERGEN PARKING AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - PERS
YEAR ENDED DECEMBER 31,

	2022	2021	2020
Authority's proportion of the net pension liability (Local Group)	0.0014111279%	0.0016177728%	0.0015808773%
Authority's proportionate share of the net pension liability	$ 212,959	$ 191,649	$ 257,800
Authority's covered-employee payroll	$ 113,100	$ 104,000	$ 118,560
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	188.29%	184.28%	217.44%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should presetn information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes:

None

Changes of Assumptions:

The discount rate changed from 6.28% as of June 30, 2021 to 7.00% as of June 30, 2022.

NORTH BERGEN PARKING AUTHORITY
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS - PERS
YEAR ENDED DECEMBER 31,

	2022	2021	2020
Contractually Required Contributions Regular Pension and Noncontributory Group Insurance Contributions	$ 17,795	$ 17,294	$ 15,305.00
Contributions in Relation to the Contractually Required Contributions	$ (17,795)	$ (17,294)	$ (15,305.00)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Percentage of Wage Base	7.50% - 7.50%	7.50% - 7.50%	7.50% - 7.50%
Authority's Covered Employee Payroll	113,100	104,000	118,560.00
Contributions as a Percentage of the Authority's covered Employee Payroll	15.73%	16.63%	12.91%

This schedule is presented to illustrate the requirement to show information for ten years.
However, until a full ten-year tren is complied, the government should present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

EAST ORANGE PARKING AUTHORITY

COMPARATIVE SCHEDULES OF OPERATING REVENUES
AND EXPENDITURES COMPARED TO BUDGET

	2022 Budget	2022 Actual	(For Memorandum Only) 2021 Actual
Operating Revenue			
Parking Permits	$ 136,064	$ 232,537	$ 83,985
Ticket Sharing	90,000	148,833	93,089
Meter Collections	11,270	67,387	57,936
Evergreen Lease	150,000	50,677	149,446
Oar Central Lease	-	27,626	-
Non operating revenue			
Interest Income Earned on Investments	18	4	18
City Contributions	-	-	45,000
Total Revenues	$ 387,352	$ 527,064	$ 429,474
Administrative and cost of providing services			
Salaries and Wages	$ 210,660	$ 215,453	$ 178,826
Field Expenses	37,498	7,002	7,934
Office and Administrative	84,916	223,812	150,261
Legal and Proffesional	26,300	47,635	10,397
Payroll Taxes and Procesing Fees	19,900	18,461	19,911
ER Annual PERS Liability	-	17,795	18,946
Total Administrative and Cost Provided Services	379,274	530,157	386,275
Budgetary revenues over (under) expenses	$ 8,078	$ (3,093)	$ 43,199

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

ROSTER OF OFFICIALS AND GENERAL COMMENTS

YEAR ENDED DECEMBER 31, 2022

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN *ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

The Honorable Chairman and Authority
Commissioners
Parking Authority of the City of East Orange
60 Evergreen Place, Suite 503
East Orange, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the financial statements of Parking Authority of the City of East Orange as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Parking Authority of the City of East Orange's basic financial statements, and have issued our report thereon dated September 12, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-01, 2022-02, 2022-03 and 2022-04 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* and which are described in the accompanying schedule of findings and questioned costs as items 2022-01, 2022-02, and 2022-03.

East Orange Parking Authority, Responses to Findings

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

Purpose of this Report

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

SAMUEL KLEIN AND COMPANY, LLP

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
September 12, 2025

ROSTER OF OFFICIALS AS OF DECEMBER 31, 2022

The following officials were in office during the period under review:

Board of Commissioners	Position
Ms. Medinah Muhammad	Vice-Chairwoman
Mr. Brian A. LaSure	Commissioner
Mr. Marjani Jones	Commissioner
Ms. Appiffanny A. Boston	Commissioner
Mr. Cristal G. Booker	Commissioner
Mr. Derick L. Samuels	Commissioner
Mr. Kevin McManimon	Esq.

The following officials are currently in office:

Board of Commissioners	Position
Ms. Appiffanny A. Boston	Chairwoman
Mr. Derick L. Samuels	Vice-Chair
Mr. Crystal G. Booker	Commissioner
Mr. Marjani N. Jones	Commissioner
Mr. Glenn Brown	Commissioner
Ms. Veronica Thomas	Commissioner
Ms. Jeneitta Gomez	Commissioner

Schedule of Financial Statement Findings

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

Material Weaknesses

None to the report.

Recommendation:

None.

PARKING AUTHORITY OF THE CITY OF EAST ORANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule of Financial Statement Findings (Continued)

Finding 2022-01 (Significant Deficiency):

Condition:

The Authority is not recording depreciation as an operating expense in the financial statements.

Criteria:

Governmental entities are required to by N.J.A.C 5:30-5.6 to maintain a fixed assets accounting system including a subsidiary ledger of detailed records of fixed assets and the related depreciation.

Cause:

Assets costs are not being matched to revenue generated through the useful life.

Repeat Finding:

2021-01

Recommendation:

That the Authority implement a capital asset management accounting and reporting system to reflect all fixed assets and related depreciation.

Management's Responses:

Management is investigating possible solutions to correct the funding.

<u>Schedule of Financial Statement Findings (Continued)</u>

Finding 2022-02 (Significant Deficiency):

Condition:

The Authority is not recording vacation leave, sick leave and other compensated absences as accrued liabilities in the Statement of Financial Position.

Criteria:

GASB Statement No. 16, *Accounting for Accumulated Absences* requires that Governmental entities properly track and maintain accurate records of employees compensated absences.

Cause:

Failing to properly account for accumulated absences leads to a material misstatement in the Authorities financial statements. Accrued liabilities are understated and the financial statements are misleading about the Authorities financial position.

Repeat Finding:

N/A

Recommendation:

That the Authority maintain accumulated absences records to track employees vacation leave, sick leave and other compensated absences to reflect accrued liabilities in the Statement of Financial Position.

Management's Responses:

Management is investigating possible solutions to correct the funding.

Schedule of Financial Statement Findings (Continued)

Finding 2022-03 (Significant Deficiency):

Condition:

Several Authority expenses exceeded the budget, at the account level, in the financial statements.

Criteria:

Governmental Authorities are not permitted to expend more than what was budgeted as required by the rules and regulations of the Local Finance Board.

Cause:

Several Authority expenses exceeded the budgeted appropriations.

Repeat Finding:

2021-02

Recommendation:

That the Authority implements procedures to track and review budget spending on monthly basis to ensure expenses stay within the approved budget appropriations.

Management's Responses:

Management is investigating possible solutions to correct the funding.

Schedule of Financial Statement Findings (Continued)

Finding 2022-04 (Significant Deficiency):

Condition:

A review of supporting documentation for cash disbursements (27 transactions selected) revealed that the following documents were not available for review:

- 20 invoices were missing and/or not retained in the vendor file
- 5 copies of the checks were missing and/or not retained in the vendor file
- 2 copies of the contracts were missing and/or not retained in contractors' file

Criteria:

Maintaining a complete vendor file is crucial to ensure accurate record-keeping, preventing fraud, errors, overpayments and disputes with vendors. Invoices and expense tracking system leads to more effective cash flow management and accurate budgets. Proper invoice retention helps also comply with legal and regulatory requirements for financial record-keeping.

Cause:

Unreliable and not accurate financial statements, uncover billing schemes, fake invoices, duplicate payments, and other fraudulent activities. A lack of organized records makes it easier to fraud go undetected or errors not corrected.

Repeat Finding:

N/A

Recommendation:

That the Authority implements internal control procedures for record-keeping, documents retention, effective invoice processing and approval process.

Management's Responses:

Management is investigating possible solutions to correct the funding.

PARKING AUTHORITY OF THE CITY OF EAST ORANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Schedule of Prior Year Financial Statement Findings

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

Finding 2021-01 (Significant Deficiency):

Condition:

The Authority is not recording depreciation as an operating expense in the financial statements.

Condition:

The Authority is not recording depreciation as an operating expense in the financial statements.

Criteria:

Governmental entities are required to by N.J.A.C 5:30-5.6 to maintain a fixed assets accounting system including a subsidiary ledger of detailed records of fixed assets and the related depreciation.

Cause:

Assets costs are not being matched to revenue generated through the useful life.

Repeat Finding:

2020-01

Recommendation:

That the Authority implement a capital asset management accounting and reporting system to reflect all fixed assets and related depreciation.

Schedule of Prior Year Financial Statement Findings (Continued)

Finding 2021-02 (Significant Deficiency):

Condition:

Several Authority expenses exceeded the budget, at the account level, in the financial statements.

Criteria:

Governmental Authorities are not permitted to expend more than what was budgeted as required by the rules and regulations of the Local Finance Board.

Cause:

Several Authority expenses exceeded the budgeted appropriations.

Repeat Finding:

2020-02

Recommendation:

That the Authority implement procedures to track and review budget spending on monthly basis to ensure expenses stay within the approved budget appropriations.

Management's Responses:

Management is investigating possible solutions to correct the funding.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Authority officials and employees during the examination.

Respectfully submitted,

SAMUEL KLEIN AND COMPANY, LLP

SAMUEL KLEIN AND COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey
September 12, 2025