

**PASSAIC PARKING AUTHORITY**  
**(A component unit of the City of Passaic)**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**AND THE SIX MONTH TRANSITION PERIOD**  
**ENDED DECEMBER 31, 2016**

## PASSAIC PARKING AUTHORITY

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## INDEPENDENT AUDITOR’S REPORT

Honorable Chairman and Members  
of the Board of Commissioners  
Passaic Parking Authority  
Passaic, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the Passaic Parking Authority, a component unit of the City of Passaic, as of and for the year ended December 31, 2017 and as of and for the six month transition period ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Passaic Parking Authority’s basic financial statements as listed in the table of contents.

### *Management’s Responsibility for the Financial Statements*

Management 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.

### *Auditor’s 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 audit 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 auditor’s 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Passaic Parking Authority as of December 31, 2017 and 2016, and the respective changes in its financial position and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

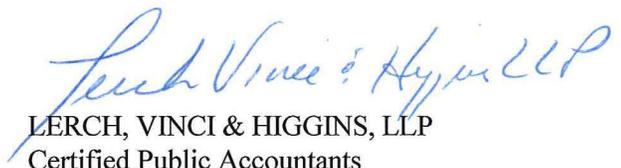
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required 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.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Passaic Parking Authority's basic financial statements as a whole. The supplementary schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary schedule listed in the table of contents is the responsibility of management and was derived from and relates 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 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 supplementary schedule listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2018 on our consideration of the Passaic 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Passaic Parking Authority's internal control over financial reporting and compliance.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)**

**PASSAIC PARKING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

This section of the Passaic Parking Authority's ("Authority") annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended December 31, 2017. Please read it in conjunction with the Authority's basic financial statements and accompanying notes.

The purpose of the Authority is to carry out the redevelopment plans of the City of Passaic.

**FINANCIAL HIGHLIGHTS**

- The Authority's assets exceeded its liabilities at December 31, 2017 by \$2,354,627.
- The Authority's total assets decreased by \$257,428.
- Operating revenues increased by \$611,624.
- Operating expenses increased by \$329,119.
- Operating income increased by \$282,505.

**OVERVIEW OF FINANCIAL STATEMENTS**

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Enterprise fund financial statements offer short and long term financial information about the activities and operations of the Authority. These statements are presented in the Government Accounting Standards Board ("GASB") prescribed manner.

**FINANCIAL ANALYSIS OF THE AGENCY**

*Net Position* – The following is a summary of the Authority's financial position as of December 31, 2017, December 31, 2016 and June 30, 2016:

	December 31, <u>2017</u>	December 31, <u>2016</u>	June 30, <u>2016</u>
<b>ASSETS:</b>			
Current and Other Assets	\$ 247,117	\$ 481,289	\$ 263,716
Capital Assets	<u>2,869,767</u>	<u>2,893,023</u>	<u>2,904,650</u>
Total Assets	<u>3,116,884</u>	<u>3,374,312</u>	<u>3,168,366</u>
<b>LIABILITIES:</b>			
Long-Term Liabilities	365,000	710,000	1,040,000
Other Liabilities	<u>397,257</u>	<u>722,651</u>	<u>333,083</u>
Total Liabilities	<u>762,257</u>	<u>1,432,651</u>	<u>1,373,083</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	2,159,772	1,867,259	1,568,868
Unrestricted	<u>194,855</u>	<u>74,402</u>	<u>226,415</u>
Total Net Position	<u>\$ 2,354,627</u>	<u>\$ 1,941,661</u>	<u>\$ 1,795,283</u>

**PASSAIC PARKING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**FINANCIAL ANALYSIS OF THE AGENCY (Continued)**

The Authority's Net Position increased \$412,966, or 21% during the year ended December 31, 2017. Key elements of this increase are operating revenues from parking fees exceeding operating expenses.

*Operating Activities* – The following table summarizes the revenues, expenses and changes in net position for the year ended December 31, 2017, the six month transition period ended December 31, 2016 and the fiscal year ended June 30, 2016:

	<u>2017</u>	<u>TY 2016</u>	<u>SFY 2016</u>
<b>OPERATING REVENUES</b>			
Parking Meters	\$ 534,582	\$ 283,098	\$ 585,258
Parking Permits	33,140	13,800	12,275
Shared Parking Violations	<u>642,668</u>	<u>301,868</u>	<u>689,525</u>
 Total Operating Revenues	 <u>1,210,390</u>	 <u>598,766</u>	 <u>1,287,058</u>
 <b>OPERATING EXPENSES</b>			
Administrative and Executive	56,510	26,846	44,572
Cost of Providing Services	667,864	380,038	678,007
Depreciation	<u>23,256</u>	<u>11,627</u>	<u>11,628</u>
 Total Operating Expenses	 <u>747,630</u>	 <u>418,511</u>	 <u>734,207</u>
 <b>OPERATING INCOME</b>	 <u>462,760</u>	 <u>180,255</u>	 <u>552,851</u>
 <b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Income	4,338	404	941
Interest Expense	<u>(54,132)</u>	<u>(34,281)</u>	<u>(79,122)</u>
 Total Non-Operating Income (Expenses)	 <u>(49,794)</u>	 <u>(33,877)</u>	 <u>(78,181)</u>
 <b>CHANGE IN NET POSITION</b>	 412,966	 146,378	 474,670
 <b>NET POSITION, BEGINNING OF PERIOD</b>	 <u>1,941,661</u>	 <u>1,795,283</u>	 <u>1,320,613</u>
 <b>NET POSITION, END OF PERIOD</b>	 <u>\$ 2,354,627</u>	 <u>\$ 1,941,661</u>	 <u>\$ 1,795,283</u>

Operating Revenues increased \$611,624 or 102% in 2017. This increase in operating revenues is mainly due to increased revenues from the annual parking fees reported for the year ended December 31, 2017 when compared with the amounts reported for the six month transition period ended December 31, 2016.

**PASSAIC PARKING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**FINANCIAL ANALYSIS OF THE AGENCY (Continued)**

Operating Expenses increased \$329,119 or 79% in 2017 mainly as a result of increased expenses reported for the calendar year ended December 31, 2017 when compared with the amounts reported for the six month transition period ended December 31, 2016.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

The following table summarizes the Authority's capital assets, net of depreciation, as of December 31, 2017, December 31, 2016 and June 30, 2016.

	December 31, <u>2017</u>	December 31, <u>2016</u>	June 30, <u>2016</u>
Land	\$ 2,800,000	\$ 2,800,000	\$ 2,800,000
Property and Equipment, net	<u>69,767</u>	<u>93,023</u>	<u>104,650</u>
Total	<u>\$ 2,869,767</u>	<u>\$ 2,893,023</u>	<u>\$ 2,904,650</u>

*Debt*

The Authority had the following debt outstanding as of December 31, 2017, December 31, 2016 and June 30, 2016.

	December 31, <u>2017</u>	December 31, <u>2016</u>	June 30, <u>2016</u>
Long-Term Debt			
Project Bonds Payable	<u>\$ 710,000</u>	<u>\$ 1,040,000</u>	<u>\$ 1,350,000</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Authority has committed itself to financial excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

The budget for the calendar year ended December 31, 2017 was approved by the Division of Local Government Services and adopted by the Authority.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the City of Passaic, New Jersey citizens and redevelopers with a general overview of the Authority's finances to demonstrate the Passaic Parking Authority's accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the office of the Executive Director at 330 Passaic Street, Passaic, New Jersey 07055.

**FINANCIAL STATEMENTS**

**PASSAIC PARKING AUTHORITY**  
**COMPARATIVE STATEMENT OF NET POSITION**  
**AS OF DECEMBER 31, 2017 AND 2016**

	December 31, <u>2017</u>	December 31, <u>2016</u>
<b>ASSETS</b>		
Unrestricted Current Assets		
Cash and Cash Equivalents	\$ 202,145	\$ 303,461
Intergovernmental Receivable	<u>44,967</u>	<u>47,312</u>
Total Unrestricted Current Assets	<u>247,112</u>	<u>350,773</u>
Restricted Current Assets		
Project Account		
Cash and Cash Equivalents	4	130,515
Debt Service Account		
Cash and Cash Equivalents	<u>1</u>	<u>1</u>
Total Restricted Current Assets	<u>5</u>	<u>130,516</u>
Total Current Assets	<u>247,117</u>	<u>481,289</u>
Noncurrent Assets		
Capital Assets		
Land	2,800,000	2,800,000
Property and Equipment	116,278	116,278
Accumulated Depreciation	<u>(46,511)</u>	<u>(23,255)</u>
Total Noncurrent Assets	<u>2,869,767</u>	<u>2,893,023</u>
Total Assets	<u>\$ 3,116,884</u>	<u>\$ 3,374,312</u>

**PASSAIC PARKING AUTHORITY  
COMPARATIVE STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2017 AND 2016**

	December 31, <u>2017</u>	December 31, <u>2016</u>
<b>LIABILITIES</b>		
Current Liabilities (Payable from Unrestricted Assets)		
Accounts Payable	\$ 10,096	\$ 17,054
Due to City of Passaic	<u>37,351</u>	<u>368,551</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>47,447</u>	<u>385,605</u>
Current Liabilities (Payable from Restricted Assets)		
Bonds Payable	345,000	330,000
Accrued Interest Payable	<u>4,810</u>	<u>7,046</u>
Total Current Liabilities Payable from Restricted Assets	<u>349,810</u>	<u>337,046</u>
Total Current Liabilities	<u>397,257</u>	<u>722,651</u>
Non-Current Liabilities		
Bonds Payable	<u>365,000</u>	<u>710,000</u>
Total Non-Current Liabilities	<u>365,000</u>	<u>710,000</u>
Total Liabilities	<u>762,257</u>	<u>1,432,651</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,159,772	1,867,259
Unrestricted	<u>194,855</u>	<u>74,402</u>
Total Net Position	<u>\$ 2,354,627</u>	<u>\$ 1,941,661</u>

**PASSAIC PARKING AUTHORITY**  
**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

	<u>2017</u>	<u>TY 2016</u>
<b>OPERATING REVENUES</b>		
Parking Fees		
Meters	\$ 534,582	\$ 283,098
Permits	33,140	13,800
Shared Parking Violations	<u>642,668</u>	<u>301,868</u>
Total Operating Revenues	<u>1,210,390</u>	<u>598,766</u>
<b>OPERATING EXPENSES</b>		
Administrative and Executive	46,857	26,846
Cost of Providing Services	677,517	380,038
Depreciation	<u>23,256</u>	<u>11,627</u>
Total Operating Expenses	<u>747,630</u>	<u>418,511</u>
Operating Income	<u>462,760</u>	<u>180,255</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income	4,338	404
Interest Expense	<u>(54,132)</u>	<u>(34,281)</u>
Total Non-Operating Revenues (Expenses)	<u>(49,794)</u>	<u>(33,877)</u>
<b>CHANGE IN NET POSITION</b>	412,966	146,378
Total Net Position, Beginning of Period	<u>1,941,661</u>	<u>1,795,283</u>
Total Net Position, End of Period	<u>\$ 2,354,627</u>	<u>\$ 1,941,661</u>

**PASSAIC PARKING AUTHORITY**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

	<u>2017</u>	<u>TY 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Parking Fees	\$ 1,212,735	\$ 599,914
Cash Paid to City of Passaic - Interlocal Agreement	(984,200)	-
Cash Paid to Suppliers	(42,557)	(16,894)
Cash Paid to Employees - Interlocal Agreement	<u>(35,775)</u>	<u>(18,118)</u>
Net Cash Provided by Operating Activities	<u>150,203</u>	<u>564,902</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal Paid on Bonds	(330,000)	(310,000)
Interest Paid on Bonds	<u>(56,368)</u>	<u>(36,585)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(386,368)</u>	<u>(346,585)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	<u>4,338</u>	<u>404</u>
Net Cash Provided by Investing Activities	<u>4,338</u>	<u>404</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(231,827)	218,721
Cash and Cash Equivalents, Beginning of Period	<u>433,977</u>	<u>215,256</u>
Cash and Cash Equivalents, End of Period	<u>\$ 202,150</u>	<u>\$ 433,977</u>
<b>ANALYSIS OF BALANCE AT END OF PERIOD</b>		
Unrestricted - Cash and Cash Equivalents	\$ 202,145	\$ 303,461
Restricted - Cash and Cash Equivalents	<u>5</u>	<u>130,516</u>
	<u>\$ 202,150</u>	<u>\$ 433,977</u>

**PASSAIC PARKING AUTHORITY  
COMPARATIVE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

	<u>2017</u>	<u>TY 2016</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ <u>462,760</u>	\$ <u>180,255</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	23,256	11,627
(Increase)/Decrease in Intergovernmental Receivable	2,345	1,148
Increase/(Decrease) in Due to City of Passaic	(331,200)	364,366
Increase/(Decrease) in Accounts Payable	<u>(6,958)</u>	<u>7,506</u>
Total Adjustments	<u>(312,557)</u>	<u>384,647</u>
Net Cash Provided by Operating Activities	<u>\$ 150,203</u>	<u>\$ 564,902</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**PASSAIC PARKING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Reporting Entity and Activities**

The Parking Authority of the City of Passaic (the "Authority") is a public body corporate and politic of the State of New Jersey. The Authority was created by a municipal ordinance adopted on November 9, 2006 by the City of Passaic (the "City") pursuant to the provisions of the Parking Authorities Law (the "Act") (N.J.S.A. 40:11A-1 et. seq.)

The City created the Authority for the principal purpose to provide a means of addressing the current and future parking demands of the City including the preparation of a comprehensive and coordinated plan for the development, financing, construction, operation and/or management of parking resources and certain specific parking facilities located within the City. The Authority began actual parking operations on April 1, 2007.

The Authority is governed by a Board of Commissioners (the "Board") consisting of seven members each of whom is appointed by the City's governing body. The Commissioners, who receive no compensation, who are first appointed, shall be designated to serve terms of one, two, three, four and five years, respectively from the date of their appointment, but thereafter Commissioners shall be appointed for a term of five years. All vacancies shall be filled for the unexpired term.

The Authority has broad powers under the Act, including, among others, the following: to retain, operate, manage and administer its property; to enforce applicable ordinances, laws and regulations as to parking of vehicles in the City; to acquire, lease or otherwise hold and use parking projects and land; to provide for bonds and secure their payment and rights of holders thereof; to charge and collect fees and service charges for the use of its facilities and to revise such fees and service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves and to pay the principal of and the interest on any bonds, notes or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

The Passaic Parking Authority includes in its financial statements the primary government and those component units for which the primary government is financially accountable or for which the nature and significant of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's board, and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Authority has no component units. The Authority would be includable as a component unit of the City of Passaic on the basis of such criteria.

**B. New Accounting Standards**

During the year ended December 31, 2017 and the six month transition period ended December 31, 2016, the Authority adopted the following GASB Statement:

- GASB No. 80, *Blending Requirements for Certain Component Units* – An Amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended.*

PASSAIC PARKING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. New Accounting Standards (Continued)**

Other accounting standards that the Authority is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 84, *Fiduciary Activities*, will be effective with the year ending December 31, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the year ending December 31, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the year ending December 31, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, will be effective with the year ending December 31, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the Authority are organized on the basis of funds, in accordance with the 2007 Project Note Resolution. The accounts are accounted for with a separate set of self-balancing accounting records that comprise its assets, liabilities, net assets, revenues and expenses. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various activities are grouped into one generic fund type and one broad fund category, as follows:

**Proprietary Fund Types**

*Enterprise Fund* – The Enterprise Fund is used to account for governmental operations which are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to its users on a continuing basis be financed or recovered primarily through user charges.

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

PASSAIC PARKING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are parking fees and parking fines. Operating expenses include the cost of operations and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as *non-operating* revenues and expenses.

1. **Use of Estimates** – The preparation of financial statements requires management of the Authority to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.
2. **Reclassifications** – Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

D. Assets, Liabilities and Net Position

1. **Cash, Cash Equivalents and Investments** – The Authority considers cash on hand, cash in banks, certificates of deposit and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments are stated at fair value and are limited by N.J.S.A. 40A:5-15.1. See Note 3 for specific disclosures on cash and investments.
2. **Restricted Assets** – Certain assets are classified restricted because they are maintained in separate bank accounts and their use is limited as the result of certain agreements entered into between the Authority and third parties. Under the original Project Note Resolution dated April 25, 2007, the following accounts of the Construction Fund are required to be created and held by the Authority's Trustee with respect to the construction of the Project (see Note 5) described below:
  - A) Project Account (Restricted)
  - B) Debt Service Account (Restricted)
  - C) Rebate Account (Restricted)

Each of the above accounts are held by a trustee.

The accounts required by the Trustee are described herein.

Project Account – To account for all financial resources received by the Authority for the payment of costs related to the Project which includes the following: (a) the acquisition of surface parking lots from the City; and (b) the costs associated with the issuance of the notes. All moneys that are on deposit in the Project Account are pledged pending their application to secure the payment of the principal and the interest on the Project notes.

Debt Service Account – To account for the accumulation of resources for the payment of principal and interest due during the current fiscal year on the Project Notes.

Rebate Account – To account for monies subject to rebate to the United States Government pursuant to the provisions of the Internal Revenue Code of 1986.

**PASSAIC PARKING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Position (Continued)**

3. **Accounts Receivable** – All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.
4. **Capital Assets** – Capital assets are defined by the Authority as assets with an individual cost of \$2,000 and an estimated useful life of at least five years. Such capital assets are valued at historical cost. Land is recorded at cost or, if donated or contributed, is stated at the estimated fair market value on the date of receipt by the Authority. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are expensed.

Construction costs are charged to construction in progress until such time as they are completed and certified by the Authority's consulting engineers, at which time they are transferred to their respective asset category and are then depreciated over their useful lives. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Authority during the year end December 31, 2017 and the six month transition period ended December 31, 2016 was \$54,132 and \$34,281, respectively.

All capital assets are depreciated on the straight-line method based on their asset class and estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Property and Equipment	5

5. **Net Position** – In the statement of net position, there are two classes of net position:
  - **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
  - **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

The Authority annually prepares an operating budget. The budget is prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America. The budgets serve as a plan for expenses and the proposed means for financing them. Unexpended appropriations lapse at year end.

The annual budget is approved at least sixty days prior to the beginning of the fiscal year. The budgets must be approved by the Board and submitted to the Division of Local Government Services, Bureau of Authority regulation for approval prior to adoption. Budget adoptions and amendments are recorded in the Authority's minutes.

**PASSAIC PARKING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

Six Year Capital budgets are also prepared. Included within the budget are individual projects along with their estimated cost, completion date and source of funding.

The encumbrance method of accounting is utilized by the Authority for budgetary purposes. Under this method purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve a portion of the applicable budget appropriation.

In accordance with accounting principles generally accepted in the United States of America, outstanding encumbrances at year-end for which goods or services are received, are classified to expenses and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are either cancelled or are included as reappropriations of fund equity for the subsequent year. Encumbrances at year-end in funds that are budgeted on a project basis automatically carry forward along with their related appropriations and are not subject to annual cancellations and reappropriations.

**B. Revenue Recognition**

City budget appropriations are recognized as operating revenue when they become available as appropriations in the City's budget. Grants received are recognized as revenue when the resources are expended for the purpose specified in the grant agreement. Grant funds received and the related program income not yet expended are reported as unearned revenue.

**NOTE 3 DEPOSITS AND INVESTMENTS**

**Cash Deposits** – The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Authority is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protect Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Authority's deposits were \$202,145 and \$303,461, respectively, and the bank balance of the Authority's cash and deposits amounted to \$204,220 and \$303,461, respectively.

The Authority's deposits which are displayed on the balance sheet as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Insured		
Unrestricted	<u>\$204,220</u>	<u>\$303,461</u>

**PASSAIC PARKING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

**NOTE 3 DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016, none of the Authority’s bank balances were exposed to custodial credit risk.

**Investments** – The Authority is permitted to invest unrestricted operating funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include: i) bonds or other obligations of the United States or obligations guaranteed by the United States of America, ii) Government Money Market Mutual Funds, iii) any obligations that a federal agency or a federal instrumentality has issued with a maturity date not greater than 397 days from the date of purchase provided that such obligation bears a fixed rate of interest, iv) bonds or other obligations of the Authority, v) bonds or other obligations of school districts located within the Authority’s jurisdiction, vi) bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the New Jersey Department of Treasury, Division of Pensions, vii) Local Government investment pools, and viii) agreements for the repurchase of fully collateralized securities if transacted in accordance with N.J.S.A. 40A:5-15.1 (8a-8e).

As of December 31, 2017 and 2016 the Authority had the following investments.

	<u>Reported Amount</u>	<u>Fair Value</u>
<u>December 31, 2017</u>		
TD Wealth Managment Project Bonds Series 2010 Funds:		
Restricted	<u>\$          5</u>	<u>\$          5</u>
Investments Reported as "Cash and Cash Equivalents"	<u>\$          5</u>	<u>\$          5</u>
<u>December 31, 2016</u>		
TD Wealth Managment Project Bonds Series 2010 Funds:		
Restricted	<u>\$    130,516</u>	<u>\$    130,516</u>
Investments Reported as "Cash and Cash Equivalents"	<u>\$    130,516</u>	<u>\$    130,516</u>

Interest Rate Risk – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**PASSAIC PARKING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

**NOTE 4 CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2017 and the six month transition period ended December 31, 2016 are as follows:

	Balance, January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Capital assets, Not Being Depreciated:				
Land	\$ 2,800,000	\$ -	\$ -	\$ 2,800,000
Total capital assets, Not Being Depreciated	<u>2,800,000</u>	<u>-</u>	<u>-</u>	<u>2,800,000</u>
Capital assets, Being Depreciated:				
Property and Equipment	116,278	-	-	116,278
Total capital assets, Being Depreciated	<u>116,278</u>	<u>-</u>	<u>-</u>	<u>116,278</u>
Less Accumulated Depreciation For:				
Property and Equipment	(23,255)	(23,256)	-	(46,511)
Total Accumulated Depreciation	<u>(23,255)</u>	<u>(23,256)</u>	<u>-</u>	<u>(46,511)</u>
Total Capital Assets, Being Depreciated, Net	<u>93,023</u>	<u>(23,256)</u>	<u>-</u>	<u>69,767</u>
Total capital assets, net	<u>\$ 2,893,023</u>	<u>\$ (23,256)</u>	<u>\$ -</u>	<u>\$ 2,869,767</u>
	Balance, July 1, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<u>TY 2016</u>				
Capital assets, Not Being Depreciated:				
Land	\$ 2,800,000	\$ -	\$ -	\$ 2,800,000
Total capital assets, Not Being Depreciated	<u>2,800,000</u>	<u>-</u>	<u>-</u>	<u>2,800,000</u>
Capital assets, Being Depreciated:				
Property and Equipment	116,278	-	-	116,278
Total capital assets, Being Depreciated	<u>116,278</u>	<u>-</u>	<u>-</u>	<u>116,278</u>
Less Accumulated Depreciation For:				
Property and Equipment	(11,628)	(11,627)	-	(23,255)
Total Accumulated Depreciation	<u>(11,628)</u>	<u>(11,627)</u>	<u>-</u>	<u>(23,255)</u>
Total Capital Assets, Being Depreciated, Net	<u>104,650</u>	<u>(11,627)</u>	<u>-</u>	<u>93,023</u>
Total capital assets, net	<u>\$ 2,904,650</u>	<u>\$ (11,627)</u>	<u>\$ -</u>	<u>\$ 2,893,023</u>

**PASSAIC PARKING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

**NOTE 5 LONG-TERM DEBT**

On November 20, 2009, the Authority issued \$2,950,000 of Guaranteed Parking Revenue Bonds, Series 2009, Federally Taxable, ("2009 Revenue Bonds") to provide funds to currently refund the Authority's outstanding Project Notes, in the amount of \$2,950,000, maturing on November 22, 2009. The proceeds of the Project Notes were used to finance the acquisition of certain parking lots located within the City.

Revenue Bonds outstanding at December 31, 2017 and 2016, consist of the following:

	December 31, <u>2017</u>	December 31, <u>2016</u>
\$2,950,000 Guaranteed Parking Revenue Bonds, Series 2009, Federally Taxable Interest Rate 5.42% due in annual installments of \$330,000 to \$365,000 on November 15, 2017 to 2019	\$ <u>710,000</u>	\$ <u>1,040,000</u>
Total	\$ <u>710,000</u>	\$ <u>1,040,000</u>

The Authority's schedule of principal and interest requirements for long-term debt issued and outstanding as of December 31, 2017 is as follows:

Year Ending <u>December 31,</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 345,000	\$ 38,482	\$ 383,482
2019	<u>365,000</u>	<u>19,782</u>	<u>384,782</u>
	<u>\$ 710,000</u>	<u>\$ 58,264</u>	<u>\$ 768,264</u>

**NOTE 6 EMPLOYEE RETIREMENT SYSTEMS**

The State of New Jersey sponsors and administers the cost-sharing contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees. Employees of the Passaic Parking Authority who are eligible for pension coverage are enrolled in the City's Public Employees Retirement System (PERS) pension plan. Therefore, the Authority was not required to directly contribute for normal cost pension contributions.

**Post-Retirement Medical Benefits** - The Authority currently does not provide employer paid post-retirement medical benefits to its active or retired employees.

**NOTE 7 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to general liability, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is included in the City of Passaic's insurance policy to guard against these events which are intended to provide minimum exposure to the Authority should they occur.

**PASSAIC PARKING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
AND THE SIX MONTH TRANSITION PERIOD ENDED DECEMBER 31, 2016**

**NOTE 8 CITY OF PASSAIC DEBT GUARANTEE**

On November 20, 2009, the Authority issued \$2,950,000 in Parking Revenue Bonds. The payment of the principal of and interest on the 2009 Revenue Bonds shall be fully irrevocably and unconditionally guaranteed by the City in accordance with the provisions of N.J.S.A. 40:11A-22 and the guaranty ordinance of the City finally adopted pursuant thereto, and the City is fully, irrevocably and unconditionally liable for the payment, when due, of the principal of and interest on this Bond, and if necessary the City shall levy ad valorem taxes upon all the taxable property within the City without limitation as to rate or amount in order to make such payment. The City has not made any payments under this debt guarantee for the year ended December 31, 2017 and the six month transition period ended December 31, 2016.

**NOTE 9 INTERLOCAL AGREEMENTS WITH CITY OF PASSAIC**

The Authority has entered into an agreement with the City in order to affect the various purposes for which the Authority was created. Pursuant to the inter-local agreement the Authority will receive certain services from the City. The agreed upon amounts owed for the municipal services provided for the year ending December 31, 2017 and the six month period ending December 31, 2016 were \$653,000 and \$362,989, respectively. In future years, the amounts owed by the Authority to the City may be adjusted based on: i) actual amounts of salaries and benefits for that particular year and ii) revenue sharing associated with prior year budgetary income.

City Parking Facilities: The Authority entered into an agreement with the City to operate any and all meters, facilities, vehicles and other equipment relating thereto, that is not already owned by the Authority. The City may, from time to time, by sale, lease, or otherwise, transfer to the Authority such Parking Facilities as it shall determine are consistent with the purposes of the Authority.

**SUPPLEMENTARY SCHEDULE**

**PASSAIC PARKING AUTHORITY**  
**SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**BUDGETARY BASIS**

(With Comparative Actual Amounts for the Six Month Transition Period Ended December 31, 2016)

	2017 Original Budget	2017 Actual	Variance Favorable (Unfavorable)	TY 2016 Actual
<b>OPERATING REVENUES</b>				202145
Parking Fees - Meters	\$ 510,000	\$ 534,582	\$ 24,582	\$ 283,098
Parking Fees - Permits	10,000	33,140	23,140	13,800
Shared Parking Violations	<u>605,000</u>	<u>642,668</u>	<u>37,668</u>	<u>301,868</u>
Total Operating Revenues	<u>1,125,000</u>	<u>1,210,390</u>	<u>85,390</u>	<u>598,766</u>
<b>NON-OPERATING REVENUES</b>				
Reserve Funds - Unspent Bond Proceeds	15,000	14,268	(732)	-
Interest Income	<u>-</u>	<u>4,338</u>	<u>4,338</u>	<u>404</u>
Total Non-Operating Revenues	<u>15,000</u>	<u>18,606</u>	<u>3,606</u>	<u>404</u>
Total Revenues	<u>\$ 1,140,000</u>	<u>\$ 1,228,996</u>	<u>\$ 88,996</u>	<u>\$ 599,170</u>
<b>OPERATING APPROPRIATIONS</b>				
<b>ADMINISTRATION</b>				
Interlocal Agreement - Salaries and Wages	\$ 36,600	\$ 35,775	\$ 825	\$ 18,118
Other Expenses	<u>13,400</u>	<u>11,082</u>	<u>2,318</u>	<u>8,728</u>
Total Administration	<u>50,000</u>	<u>46,857</u>	<u>3,143</u>	<u>26,846</u>
<b>COST OF PROVIDING SERVICES</b>				
Other Expenses	50,632	24,517	26,115	17,049
City of Passaic - Interlocal Services	<u>653,000</u>	<u>653,000</u>	<u>-</u>	<u>362,989</u>
Total Cost of Providing Services	<u>703,632</u>	<u>677,517</u>	<u>26,115</u>	<u>380,038</u>
<b>NON-OPERATING APPROPRIATIONS</b>				
Principal Payments on Debt	330,000	330,000	-	310,000
Interest Payments on Debt	<u>56,368</u>	<u>56,368</u>	<u>-</u>	<u>36,585</u>
Total Non-Operating Appropriations	<u>386,368</u>	<u>386,368</u>	<u>-</u>	<u>346,585</u>
Total Appropriations	<u>1,140,000</u>	<u>1,110,742</u>	<u>29,258</u>	<u>753,469</u>
Budgetary Income	<u>\$ -</u>	<u>\$ 118,254</u>	<u>\$ 118,254</u>	<u>\$ (154,299)</u>
<b>Reconciliation of Budgetary Income to Change in Net Position - GAAP</b>				
Increases to Budgetary Income:				
Principal Paid on Bonds Payable		330,000		310,000
Accrued Interest on Bonds Payable - Net		2,236		2,304
Decreases to Budgetary Income:				
Reserve Funds Realized as Budget Revenue		(14,268)		-
Depreciation		<u>(23,256)</u>		<u>(11,627)</u>
<b>Changes in Net Position - GAAP</b>		<u>\$ 412,966</u>		<u>\$ 146,378</u>

**GOVERNMENT AUDITING STANDARDS REPORT**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
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SHERYL M. NICOLosi, CPA, PSA

## 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

Honorable Chairman and Members of the Board  
Passaic Parking Authority  
Passaic, 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 the Passaic Parking Authority, as of and for the year ended December 31, 2017, and the related notes to the financial statements, as listed in the table of contents which collectively comprise the Passaic Parking Authority’s basic financial statements, and have issued our report thereon dated May 23, 2018.

#### **Internal Control over Financial Reporting**

Management of the Passaic Parking Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Passaic Parking Authority’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 Passaic Parking Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Passaic Parking Authority’s internal control.

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

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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Passaic Parking 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 Passaic Parking Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants

Fair Lawn, New Jersey  
May 23, 2018

**ROSTER OF OFFICIALS**  
**AND**  
**GENERAL COMMENTS AND RECOMMENDATIONS**

**ROSTER OF OFFICIALS**

**DECEMBER 31, 2017**

<u>Name</u>	<u>Title</u>
Eugene Shpilsky	Chairman
Tiffany K. Allen	Vice-Chairman
Denise Perez	Commissioner
Daniel Ritz	Commissioner
Adam Buckstein	Commissioner
Jose Balbi	Commissioner
Ricardo Fernandez	Executive Director
Vidya Nayak	Chief Financial Officer
Amada C. Curling	Secretary

**General Comments and Recommendations**

There are none.

**Status of Prior Year's Audit Comments and Recommendations**

There were none.

**Appreciation**

We desire to express our appreciation of the assistance of the Executive Director and Authority staff during the course of our audit.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Lerch Vinci & Higgins LLP".

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Registered Municipal Accountants