PASSAIC PARKING AUTHORITY

(A component unit of the City of Passaic)

REPORT OF AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

PASSAIC PARKING AUTHORITY

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LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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 years ended December 31, 2024 and 2023, 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.

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, 2024 and 2023, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 Passaic Parking Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Passaic Parking Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of 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 and Government 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 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 and Government Auditing Standards we:

- Exercise professional judgement 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 the Passaic Parking 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 the Passaic Parking 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Passaic Parking Authority 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 June 12, 2025 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 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 Passaic 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 Passaic Parking Authority's internal control over financial reporting and compliance.

Lerch Vinci & Bliss LLP

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

Fair Lawn, New Jersey
June 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

PASSAIC PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

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, 2024. 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 parking authority plans of the City of Passaic.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded its liabilities at December 31, 2024 by $4,964,022.
- The Authority's total assets increased by $400,494.
- Operating revenues increased by $36,538.
- Operating expenses increased by $136,469.
- Operating income decreased by $99,931.

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, 2024, 2023 and 2022:

	December 31, 2024	December 31, 2023	December 31, 2022
ASSETS:			
Current and Other Assets	$ 2,177,868	$ 1,735,374	$ 1,260,879
Capital Assets	2,800,000	2,842,000	2,842,000
Total Assets	4,977,868	4,577,374	4,102,879
LIABILITIES:			
Current Liabilities	13,846	8,800	8,833
Total Liabilities	13,846	8,800	8,833
NET POSITION:			
Net Investment in Capital Assets	2,800,000	2,842,000	2,842,000
Restricted For: Renewal and Replacement	1,200,000	950,000	700,000
Unrestricted	964,022	776,574	552,046
Total Net Position	$ 4,964,022	$ 4,568,574	$ 4,094,046

FINANCIAL ANALYSIS OF THE AGENCY (Continued)

The Authority's Net Position increased $395,448, or 8% during the year ended December 31, 2024. Key elements of this increase are operating revenues from the various parking fees exceeding operating expenses.

Operating Activities – The following table summarizes the revenues, expenses and changes in net position for the years ended December 31, 2024, 2023 and 2022:

	2024	2023	2022
OPERATING REVENUES			
Parking Meters	$ 324,810	$ 350,961	$ 326,743
Parking Permits	47,476	47,611	51,360
Shared Parking Violations	824,966	762,142	719,293
Total Operating Revenues	1,197,252	1,160,714	1,097,396
OPERATING EXPENSES			
Administrative and Executive	48,261	46,613	49,688
Cost of Providing Services	840,765	705,944	744,653
Total Operating Expenses	889,026	752,557	794,341
OPERATING INCOME	308,226	408,157	303,055
NON-OPERATING REVENUES			
Interest Income	87,222	66,371	1,844
Total Non-Operating Income	87,222	66,371	1,844
CHANGE IN NET POSITION	395,448	474,528	304,899
NET POSITION, BEGINNING OF PERIOD	4,568,574	4,094,046	3,789,147
NET POSITION, END OF PERIOD	$ 4,964,022	$ 4,568,574	$ 4,094,046

Operating Revenues increased $36,538 or 3% in 2024. This increase in operating revenues is mainly due to increased revenues from shared parking violations reported for the year ended December 31, 2024.

FINANCIAL ANALYSIS OF THE AGENCY (Continued)

Operating Expenses increased $136,469 or 18% in 2024 mainly as a result of increased expenses for cost of providing services reported for the year ended December 31, 2024.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The following table summarizes the Authority's capital assets, net of depreciation, as of December 31, 2024, 2023 and 2022.

	December 31, 2024	December 31, 2023	December 31, 2022
Land	$ 2,800,000	$ 2,800,000	$ 2,800,000
Construction in Progress	-	42,000	42,000
Property and Equipment, net	-	-	-
Total	$ 2,800,000	$ 2,842,000	$ 2,842,000

Debt

The Authority had no debt outstanding as of December 31, 2024, 2023 and 2022.

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, 2024 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, 2024 AND 2023

	December 31, 2024	December 31, 2023
ASSETS		
Unrestricted Current Assets		
Cash and Cash Equivalents	$ 2,009,122	$ 1,599,517
Due from City of Passaic	89,166	81,319
Intergovernmental Receivable	79,580	54,538
Total Unrestricted Current Assets	2,177,868	1,735,374
Total Current Assets	2,177,868	1,735,374
Noncurrent Assets		
Capital Assets		
Land	2,800,000	2,800,000
Construction In Progress	-	42,000
Property and Equipment	116,278	116,278
Accumulated Depreciation	(116,278)	(116,278)
Total Noncurrent Assets	2,800,000	2,842,000
Total Assets	$ 4,977,868	$ 4,577,374

The Notes to the Financial Statements are an integral part of this statement

PASSAIC PARKING AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024 AND 2023

	December 31, 2024	December 31, 2023
LIABILITIES		
Current Liabilities (Payable from Unrestricted Assets)		
Accounts Payable	$ 13,846	$ 8,800
Total Current Liabilities Payable from Unrestricted Assets	13,846	8,800
Total Liabilities	13,846	8,800
NET POSITION		
Net Investment in Capital Assets	2,800,000	2,842,000
Restricted for:		
Renewal and Replacement	1,200,000	950,000
Unrestricted	964,022	776,574
Total Net Position	$ 4,964,022	$ 4,568,574

The Notes to the Financial Statements are an integral part of this statement

PASSAIC PARKING AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Parking Fees		
Meters	$ 324,810	$ 350,961
Permits	47,476	47,611
Shared Parking Violations	824,966	762,142
Total Operating Revenues	1,197,252	1,160,714
OPERATING EXPENSES		
Administrative and Executive	48,261	46,613
Cost of Providing Services	840,765	705,944
Total Operating Expenses	889,026	752,557
Operating Income	308,226	408,157
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	87,222	66,371
Total Non-Operating Revenues (Expenses)	87,222	66,371
CHANGE IN NET POSITION	395,448	474,528
Total Net Position, January 1,	4,568,574	4,094,046
Total Net Position, December 31,	$ 4,964,022	$ 4,568,574

The Notes to the Financial Statements are an integral part of this statement

PASSAIC PARKING AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Parking Fees	$ 1,164,363	$ 1,129,039
Cash Received from NJ EDA Grant	-	25,000
Cash Paid to City of Passaic - Interlocal Agreement	(765,264)	(680,450)
Cash Paid to Suppliers	(40,320)	(36,340)
Cash Paid to Employees - Interlocal Agreement	(36,396)	(35,800)
Net Cash Provided by Operating Activities	322,383	401,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	87,222	66,371
Net Cash Provided by Investing Activities	87,222	66,371
Net Increase (Decrease) in Cash and Cash Equivalents	409,605	467,820
Cash and Cash Equivalents, January 1,	1,599,517	1,131,697
Cash and Cash Equivalents, December 31,	$ 2,009,122	$ 1,599,517
ANALYSIS OF BALANCE AT DECEMBER 31,		
Unrestricted - Cash and Cash Equivalents	$ 2,009,122	$ 1,599,517
	$ 2,009,122	$ 1,599,517

The Notes to the Financial Statements are an integral part of this statement

PASSAIC PARKING AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$ 308,226	$ 408,157
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
(Increase)/Decrease in Intergovernmental Receivable	(25,042)	(4,674)
(Increase)/Decrease in State Grant Receivable	-	25,000
(Increase)/Decrease in Due from City of Passaic	(7,847)	(27,001)
(Increase)/Decrease in Construction In Progress	42,000	-
Increase/(Decrease) in Accounts Payable	5,046	(33)
Total Adjustments	14,157	(6,708)
Net Cash Provided by Operating Activities	$ 322,383	$ 401,449

The Notes to the Financial Statements are an integral part of this statement

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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 Governmental Accounting Standards Board (GASB) requires the financial reporting entity to include both the primary government and component units. Component units are legally corporate organizations for which the Authority is financially accountable. 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 years ended December 31, 2024 and 2023, the Authority adopted the following GASB Statements:

- GASB No. 96, *Subscription – Based Information Technology Arrangements*. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability or a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

- GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

- GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

- GASB Statement No. 102, Certain Risk Disclosures, will be effective beginning with the fiscal year ended December 31, 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

- GASB Statement No. 103, Financial Reporting Model Improvements, will be effective beginning with the fiscal year ended December 31, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

- GASB Statement No. 104, Disclosure of Certain Capital Assets, will be effective beginning with the fiscal year ended December 31, 2026. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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.

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicated the type of resources being measured such as *current financial resources or economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, cash in banks, certificates of deposit, deposits with the New Jersey Cash Management Fund and all short-term investments with original maturities of six months or less from the date of purchase. Investments are reported at fair value and are limited by NJSA 40A:5-15.1 et seq.

2. 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. Changes in the allowance for uncollectibles is recorded as an adjustment to revenue or as bad debt expenses depending on its effect on current year or prior year allowance amounts and the results of those changes.

3. Capital Assets

All capital assets acquired or constructed by the Authority are reported as expenses in the account that finances the acquisition of the assets and are capitalized in the Operating Accounts. Capital assets are defined by the Authority as assets with an individual cost of $2,000 and an estimated useful life of at least two years. Such capital assets are valued at historical costs. 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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.

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

Class	Life
Property and Equipment	5 Years

4. **Net Position** – In the statement of net position, there are three 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.

- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- **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.

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

Revenues from user charges and parking related violations are recognized on the accrual basis when earned. 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.

C. *Designated Unrestricted Net Position*

The Authority is permitted under budgetary accounting practices promulgated by the Division of Local Government Services to designate unrestricted net position. The Authority Board of Commissioners may formally dedicate net position to establish designations of unrestricted net position to meet policy adopted by the Board. As of December 31, 2024 and 2023 the Authority has not established any unrestricted net position designations.

NOTE 3 DEPOSITS AND INVESTMENTS

The Authority considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

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 or $200 million 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 2024 and 2023, the book value of the Authority's deposits were $2,009,122 and $1,599,517, respectively, and the bank balance of the Authority's cash and deposits amounted to $1,931,688 and $1,609,156, respectively.

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

	Bank Balance	
Depository Account	December 31, 2024	December 31, 2023
Insured		
Unrestricted	$1,931,688	$1,609,156

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, 2024 and 2023, 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, 2024 and 2023, the Authority had no outstanding investments.

NOTE 4 CAPITAL ASSETS

Capital assets activity for the years ended December 2024 and 2023 are as follows:

	Balance, January 1, 2024	Increases	Decreases	Balance, December 31, 2024
2024				
Capital assets, Not Being Depreciated:				
Land	$ 2,800,000		$ -	$ 2,800,000
Construction In Progress	42,000	-	42,000	-
Total capital assets, Not Being Depreciated	2,842,000	-	42,000	2,800,000
Capital assets, Being Depreciated:				
Property and Equipment	116,278	-	-	116,278
Total capital assets, Being Depreciated	116,278	-	-	116,278
Less Accumulated Deprecitaion For:				
Property and Equipment	(116,278)	$ -	-	(116,278)
Total Accumulated Depreciation	(116,278)	-	-	(116,278)
Total Capital Assets, Being Depreciated, Net	-	-	-	-
Total capital assets, net	$ 2,842,000	$ -	$ 42,000	$ 2,800,000

	Balance, January 1, 2023	Increases	Decreases	Balance, December 31, 2023
2023				
Capital assets, Not Being Depreciated:				
Land	$ 2,800,000		$ -	$ 2,800,000
Construction In Progress	42,000	$ -	-	42,000
Total capital assets, Not Being Depreciated	2,842,000	-	-	2,842,000
Capital assets, Being Depreciated:				
Property and Equipment	116,278	-	-	116,278
Total capital assets, Being Depreciated	116,278	-	-	116,278
Less Accumulated Deprecitaion For:				
Property and Equipment	(116,278)	-	-	(116,278)
Total Accumulated Depreciation	(116,278)	-	-	(116,278)
Total Capital Assets, Being Depreciated, Net	-	-	-	-
Total capital assets, net	$ 2,842,000	$ -	$ -	$ 2,842,000

NOTE 5 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 years ending December 31, 2024 and 2023 were $765,264 and $680,450, 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.

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.

SUPPLEMENTARY SCHEDULE

PASSAIC PARKING AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024
BUDGETARY BASIS
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024 Modified Budget	2024 Actual	Variance Favorable (Unfavorable)	2023 Actual
OPERATING REVENUES				
Parking Fees - Meters	$ 330,000	$ 324,810	$ (5,190)	$ 350,961
Parking Fees - Permits	35,000	47,476	12,476	47,611
Shared Parking Violations	675,000	824,966	149,966	762,142
Total Operating Revenues	1,040,000	1,197,252	157,252	1,160,714
NON-OPERATING REVENUES				
Interest Income	-	87,222	87,222	66,371
Total Non-Operating Revenues	-	87,222	87,222	66,371
Total Revenues	$ 1,040,000	$ 1,284,474	$ 244,474	$ 1,227,085
OPERATING APPROPRIATIONS				
ADMINISTRATION				
Interlocal Agreement - Salaries and Wages	$ 37,400	$ 36,396	$ 1,004	$ 35,800
Other Expenses	14,600	11,865	2,735	10,813
Total Administration	52,000	48,261	3,739	46,613
COST OF PROVIDING SERVICES				
Other Expenses	65,000	75,501	(10,501)	25,494
City of Passaic - Interlocal Services	765,264	765,264	-	680,450
Total Cost of Providing Services	830,264	840,765	(10,501)	705,944
NON-OPERATING APPROPRIATIONS				
Renewal and Replacement Reserves	250,000	250,000	-	250,000
Total Non-Operating Appropriations	250,000	250,000	-	250,000
Total Appropriations	1,132,264	1,139,026	(6,762)	1,002,557
Budgetary Income	$ (92,264)	$ 145,448	$ 237,712	$ 224,528
Reconciliation of Budgetary Income to Change in Net Position - GAAP				
Increases to Budgetary Income:				
Reserve for Renewal and Replacement Budgetary Charge		250,000		250,000
Changes in Net Position - GAAP		$ 395,448		$ 474,528

GOVERNMENT AUDITING STANDARDS REPORT

LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA

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 of Commissioners
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, 2024, 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, and have issued our report thereon dated June 12, 2025.

Report on 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 (internal control) to determine as a basis for designing 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.

However, we noted a certain matter that is not required to be reported under Government Auditing Standards that we have reported to management of the Passaic Parking Authority in the section of this report of audit entitled "General Comments and Recommendations".

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 & Bliss LLP

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

Fair Lawn, New Jersey
June 12, 2025

ROSTER OF OFFICIALS

AND

GENERAL COMMENTS AND RECOMMENDATIONS

ROSTER OF OFFICIALS

DECEMBER 31, 2024

Name	Title
Adam Buckstein	Chairman
Denise Perez	Vice-Chairperson
Eugene Shpilsky	Commissioner
Daniel Ritz	Commissioner
Lisset Lopez	Commissioner
Ricardo Fernandez	Executive Director
Omar Garcia	Chief Financial Officer
Sonal Patel	Secretary

General Comments and Recommendations

Finding – Our audit noted several differences between the pay station meter receipts and the amount deposited from each pay station.

Recommendation – Continued efforts be made to reconcile weekly pay station receipt slips to ensure they agree with the amounts deposited.

Appreciation

We desire to express our appreciation of the assistance of the Executive Director and Chief Financial Officer during the course of our audit.

Respectfully submitted,

Lerch Vinci & Bliss LLP

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