

**THE PARKING AUTHORITY
OF THE CITY OF CAMDEN**

**AUDIT REPORT FOR THE YEARS
ENDED DECEMBER 31, 2017 AND 2016**

THE PARKING AUTHORITY OF THE CITY OF CAMDEN

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THE PARKING AUTHORITY OF THE CITY OF CAMDEN

BOARD OF COMMISSIONERS

AS OF DECEMBER 31, 2017

Jose Martinez, Jr.
Chairman

Angel L. Alamo
Vice Chairman

Jasper Muhammad
Commissioner

Shaneka M. Boucher
Commissioner

Mary Espinal
Commissioner

OTHER OFFICIALS

Willie E. Hunter, Sr.
Executive Director

Marc Riondino, Esquire
Board Solicitor



BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

INDEPENDENT AUDITOR'S REPORT

To the Chairman and Members of the
Parking Authority of the City of Camden
County of Camden
Camden, New Jersey 08103

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of the Parking Authority of the City of Camden, a component unit of the City of Camden, in the County of Camden, State of New Jersey, as of and for the fiscal years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of the Parking Authority of the City of Camden as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information, as listed on 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the City of Camden's basic financial statements. The Introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and

other additional procedures in accordance with auditing standard generally accepted in the United States of America. In my opinion the combining and individual non-major financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated August 3, 2018 on my consideration of the Parking Authority of the City of Camden's internal control over financial reporting and on my 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 my 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 Authority's internal control over financial reporting and compliance.

Respectfully submitted,



Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
August 3, 2018

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BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

**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**

To the Chairman and Members of the
Parking Authority of the City of Camden
County of Camden
Camden, New Jersey 08103

I have audited, 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; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, business-type activities and the aggregate remaining fund information of the Parking Authority of the City of Camden, County of Camden, State of New Jersey, as of and for the fiscal year ended December 31, 2017, and related notes to the financial statements, which collectively comprise the Parking Authority of the City of Camden's basic financial statements, and have issued my report thereon dated August 3, 2018.

Internal Control over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying schedule of General Comments section as Finding 2017-01 that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parking Authority of the City of Camden statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

Respectfully submitted,



Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
August 3, 2018

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

**THE PARKING AUTHORITY OF THE CITY OF CAMDEN
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

INTRODUCTION

The Parking Authority of the City of Camden, hereinafter referred to as the “Authority” presents their Annual Financial Report in accordance with the Statements of Governmental Accounting Standard No. 34 entitled, “Basic Financial Statement – Management’s Discussion and Analysis – for State and Local Governments” hereinafter referred to as GASB34, and related standards.

MISSION

The Authority’s mission since being created over 50 years ago is ongoing in coordination with the Mayor and the members of City Council toward the provision and improvement of parking throughout the City of Camden. In keeping with our mission, the Parking Authority continues to look toward the existing and future parking needs and interest of the Camden community. Our facilities and services enhance commerce throughout the City. Our various programs, such as the Residential Parking Program, Credit Card Payment System, Pay-By-Cell, Monthly Parking Specials, and the Overnight Parking Program (available only at the Waterfront Garage and Rand Transportation Terminal) help to protect the parking privileges of all. The foundation of the Authority’s Handicapped Parking Program is the American with Disabilities Act. Ensuring compliance with this Act also falls within the Authority’s scope. Wherever the need, we endeavor to meet the need with safe, convenient and affordable parking. This includes both short term event oriented parking and long term solutions for commercial and industrial activity.

RESPONSIBILITY AND CONTROL

The Authority has retained Brent W. Lee & Company LLC, to conduct an independent audit of the financial statements for the calendar year ended December 31, 2017. The Authority is responsible for furnishing financial statements and pertinent data for the auditor’s review and analysis.

The aforementioned financial statements above present the financial position, results of operations and cash flow for the calendar year ended December 31, 2017 in accordance with Generally Accepted Accounting Principles.

SUMMARY OF ORGANIZATION AND BUSINESS

The Authority was established by ordinance of the Council of the City of Camden (the City) and is charged with the operation of certain parking garages, parking lots and the meters throughout the City. The Authority currently operates twenty two (22) surface lots and two (2) garage facilities comprising a total parking capacity in excess of 9,500 spaces. The Authority also collects revenues from approximately 863 parking meters located throughout the City’s central business district and conducts various parking enforcement activities on behalf of the City. The City believes that these are essential governmental functions and that the Authority, operating independently, can perform them efficiently and effectively.

ACCOMPLISHMENTS:

The Authority completed the improvements on parking lots north of the Benjamin Franklin Bridge. These lots allow for parking for Rutgers University and event parking particularly for the BB&T Center. The Authority continues its agreements with the Adventure Aquarium to operate two (2) parking lots for daily visitors at the Adventure Aquarium. At the beginning of 2017, these lots had automated equipment added to streamline parking and improve accounting control over the lots. Overflow parking for the Aquarium is now handled with the use of the Hinson Garage and other lots owned and managed by the Authority.

The Authority continues to represent the County of Camden, Department of Recreation to operate their entire event parking for events on the Camden Waterfront.

The Authority had a very active Waterfront event parking season in 2017. This included 46 events at the BB&T center along with events at the Battleship New Jersey and annual Fourth of July and New Year's Eve Fireworks displays.

The Authority continues to be the collection agent for the City of Camden Parking surcharge.

The Authority is continuing its efforts to increase the parking capacity for the Riverfront area. There are plans for a new parking garage to be built on property owned by the Authority at Broadway and Federal Streets. Construction will start in 2018 and is anticipated to be completed in August of 2019. This garage will add over 700 parking spaces to the Authority's inventory. Additional lots are currently under construction near the Adventure Aquarium and near the Port. Management is working to consider additional parking garages along the Camden waterfront to alleviate continuing needs for additional parking.

PARKING FEES:

Parking rates are still below market, but the Authority has continued implementing minimal increases as existing contracts expire. Economic factors continue to exert pressure to keep costs and revenue increases to a minimum.

REVENUE ANALYSIS:

Actual revenue for 2017 was \$4,911,451 which is a 15% or \$642,751 increase compared to the 2017 budget amount of \$4,268,700 and a 2.8% or \$141,040 decrease compared to 2016 actual amount of \$5,052,491.

METER REVENUE:

Actual Meter Revenue for 2017 was \$1,007,100 which is a 7.2% or \$68,100 increase compared to the 2017 budget amount of \$939,000 and a 1.7% or \$16,840 increase from 2016 actual amount of \$990,260.

REVENUE FROM PARKING LOTS:

Actual Parking Lot Revenue for 2017 was \$1,857,702 which is a 5.6% or \$99,702 increase compared to the 2017 budget amount of \$1,758,000 and a -1.6% or \$31,156 decrease compared to 2016 actual of \$1,888,858.

WATERFRONT GARAGE REVENUE:

Actual Garage Revenue for 2017 was \$843,229 which is a 10.8% or \$82,429 increase compared to the 2017 budget amount of \$760,800 and a 13.9% or \$103,073 increase compared to 2016 actual of \$740,156.

TRANSPORTATION TERMINAL REVENUE:

Actual Terminal Revenue for 2017 was \$510,413 which is a -4.4% or \$23,587 decrease compared to the budget amount of \$534,000 and a -4.6% or \$24,675 decrease compared to the 2016 actual of \$535,088. There are issues with some parking spots on the top level of the Terminal which reduces the overall available parking space by approximately 50 spaces.

BB&T BANK CENTER REVENUE:

Actual BB&T Bank Center Revenue for 2017 was \$508,083 which is a 1,265% or \$470,483 increase compared to the 2017 budget amount of \$37,600 and an -12.9% or \$75,441 decrease compared to the 2016 actual of \$583,524. Revenue has decreased because of the loss of lots closer to the Center due to development. Lots used farther from the Center have a lower reimbursement.

OTHER REVENUE:

Actual Other Revenue for 2017 was \$201,382 which is a 1.2% or \$2,482 increase compared to the 2017 budget of \$198,900 and a -36% or \$113,169 decrease compared to the 2016 actual of \$314,551. Major change in Other Revenue is fewer special events at the waterfront. In past years there were events such as Tall Ships and the Pope visit that generated more parking revenue.

EXPENSE ANALYSIS:

Actual expenses for 2017 were \$5,,776 which is a 23% or \$982,636 increase compared to the 2017 budget amount of \$4,239,140 and a 63% or \$0,000,000 decrease compared to the 2016 actual of \$4,508,532. Expenses for 2017 includes \$1,259,617 in accumulated costs related to the canceled Federal Street garage. These costs were incurred over several years with the overwhelming bulk of the costs incurred prior to 2017.

OTHER EXPENSES:

Actual Other Expenses for 2017 was \$3,429 which is a 25% or \$1,142 decrease compared to the 2017 budget amount of \$4,571 and a 0% or \$0 increase compared to the 2016 actual amount of \$3,429.

SALARY & WAGES:

Actual Salary & Wages Expenses for 2017 was \$1,268,025 which is a 6.2% or \$74,025 increase compared to the 2017 budget amount of \$1,194,000 and a 5.9% or \$70,445 increase compared to the 2016 actual amount of \$1,197,580.

FRINGE & BENEFITS:

Actual Fringe & Benefit Expenses for 2017 was \$0,000,000 which is a 54.8% or \$465,859 increase compared to the 2017 budget amount of \$000,000 and a 53% or \$000,000 increase compared to the 2016 actual amount of \$000,000.

ADMINISTRATION:

Actual Administration Expenses for 2017 was \$,894 which is a 3% or \$17,942 increase compared to the 2017 budget amount of \$37,500,000 and an 8.7% or \$59,537 decrease compared to the 2016 actual amount of \$686,431.

COST TO PROVIDE SERVICES:

Actual Cost to Provide Services Expenses for 2017 was \$1,154,866 which is a 35.4% or \$632,236 decrease compared to the 2017 budget amount of \$1,787,102 and a 9.2% or \$116,890 decrease compared to the 2016 actual amount of \$1,271,756.

CAPITAL OUTLAYS:

Actual Capital Outlay for 2017 was \$518,246 which is a -986% or \$36,981,753 decrease compared to the 2017 budget amount of \$37,500,000 and an -450.2% or \$2,333,111 decrease compared to the 2016 actual of \$2,851,357. Construction of a parking garage was expected to begin in either 2016 or 2017 but was canceled. Construction of a different garage is expected to start in 2018 on property owned by the Parking Authority.

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
STATEMENT OF NET POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Unrestricted Current Assets	\$8,489,191.57	8,231,993.89
Restricted Current Assets	377,929.27	356,282.33
Net Property, Plant & Equipment	8,028,526.58	8,852,975.47
	<hr/>	<hr/>
Total Assets	16,895,647.42	17,441,251.69
DEFERRED OUTFLOW OF RESOURCES		
Pension Deferred Outflows	959,431.00	1,545,049.00
	<hr/>	<hr/>
Total Deferred Outflows of Resources	959,431.00	1,545,049.00
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$17,855,078.42	18,986,300.69
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities Payable From Unrestricted Assets	617,189.00	731,372.06
Current Liabilities Payable From Restricted Assets	120,000.00	120,000.00
Long-Term Liabilities Payable From Unrestricted Assets	3,323,524.89	4,895,835.05
Long-Term Liabilities Payable From Restricted Assets	240,000.00	360,000.00
	<hr/>	<hr/>
Total Liabilities	4,300,713.89	6,107,207.11
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources	1,335,934.00	328,522.00
	<hr/>	<hr/>
Total Deferred Inflows of Resources	1,335,934.00	328,522.00
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	7,619,691.46	8,372,975.47
Restricted for:		
Reserve/(Deficit) for BB&T Center Improvements	377,929.27	356,282.33
Unrestricted Net Position	4,220,809.80	3,821,313.78
	<hr/>	<hr/>
Total Net Position	12,218,430.53	12,550,571.58
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Net Position	\$17,855,078.42	18,986,300.69
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THE PARKING AUTHORITY OF THE CITY OF CAMDEN
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Operating Revenues:		
Parking Fees	\$4,105,696.76	4,163,378.42
Other Operating Revenues	730,834.70	847,915.70
	<hr/>	<hr/>
Total Operating Revenues	4,836,531.46	5,011,294.12
	<hr/>	<hr/>
Operating Expenses:		
Administration:		
Salaries & Wages	1,258,561.72	1,197,579.89
Fringe Benefits	858,504.00	1,139,114.76
General & Administrative	709,550.07	685,348.34
	<hr/>	<hr/>
Total Administration	2,826,615.79	3,022,042.99
	<hr/>	<hr/>
Cost of Providing Services	941,876.18	979,940.67
	<hr/>	<hr/>
Total Operating Expenses	3,768,491.97	4,001,983.66
	<hr/>	<hr/>
Operating Income Before Other Operating Expenses	1,068,039.49	1,009,310.46
	<hr/>	<hr/>
Other Operating Expenses:		
Depreciation and Amortization	342,949.72	268,457.98
	<hr/>	<hr/>
Total Other Operating Operating Expenses	342,949.72	268,457.98
	<hr/>	<hr/>
Operating Income/(Loss) After Other Operating Expenses	725,089.77	740,852.48
	<hr/>	<hr/>
Nonoperating Income/(Expenses):		
Interest on Investments & Deposits	19,419.37	9,658.22
Interest Expense	(12,722.49)	(2,285.72)
Gain/(Loss) on Sale of Assets	(1,132,124.64)	669,444.00
Net Change in Reserve for BB & T Center Improvements	21,646.94	87,098.18
	<hr/>	<hr/>
Total Nonoperating Revenue/(Expenses)	(1,103,780.82)	763,914.68
	<hr/>	<hr/>
Net Income/(Loss) Before Contributions	(378,691.05)	1,504,767.16
Contributed Capital	46,550.00	
	<hr/>	<hr/>
Change in Net Position	(332,141.05)	1,504,767.16
Net Position - Beginning of Year, As Restated	12,550,571.58	11,045,804.42
	<hr/>	<hr/>
Net Position - End of Year	12,218,430.53	12,550,571.58
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FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

**THE PARKING AUTHORITY OF THE CITY OF CAMDEN
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
Current Assets:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$8,012,991.36	\$7,619,364.83
Change fund	25,125.00	25,125.00
Parking Fees Receivable (Net of Allowance for Doubtful Accounts, \$1,833.10 in 2017 and \$1,833.10 in 2016)	250,830.80	443,380.55
Due From BB&T Center		24,143.93
Due From City of Camden	79,979.58	119,979.58
Prepaid Expenses	120,264.83	
	<hr/>	<hr/>
Total Unrestricted Current Assets	8,489,191.57	8,231,993.89
Restricted Assets:		
Cash & Cash Equivalents	377,929.27	353,364.36
Reserve for Improvements Receivable		2,917.97
	<hr/>	<hr/>
Total Restricted Current Assets	377,929.27	356,282.33
Property, Plant & Equipment (Note 5):		
Property, Plant & Equipment	14,602,239.63	15,083,738.80
Less: Accumulated Depreciation	6,573,713.05	6,230,763.33
	<hr/>	<hr/>
Net Property, Plant & Equipment	8,028,526.58	8,852,975.47
	<hr/>	<hr/>
Total Assets	16,895,647.42	17,441,251.69
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES		
Pension Deferred Outflows	959,431.00	1,545,049.00
	<hr/>	<hr/>
Total Deferred Outflows of Resources	959,431.00	1,545,049.00
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$17,855,078.42	18,986,300.69
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The accompanying Notes to the Financial Statements are an integral part of this statement.

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2017 AND 2016

LIABILITIES	2017	2016
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable & Accrued Expenses	462,512.09	550,787.63
Security Deposits	958.00	10,998.00
Interest Payable	6,000.00	20,571.43
Lease Payable	11,850.93	
Pension Payable	135,867.98	149,015.00
Total Current Liabilities Payable From Unrestricted Assets	617,189.00	731,372.06
Current Liabilities Payable From Restricted Assets:		
Note Payable	120,000.00	120,000.00
Total Current Liabilities Payable From Restricted Assets	120,000.00	120,000.00
Long-Term Liabilities:		
Long-Term Liabilities Payable From Unrestricted Assets:		
Compensated Absences Payable	72,771.68	76,966.05
Lease Payable	36,984.19	
Net Pension Payable	3,213,769.02	4,818,869.00
Total Long-Term Liabilities Payable From Unrestricted Assets	3,323,524.89	4,895,835.05
Long-Term Liabilities Payable From Restricted Assets:		
Note Payable	240,000.00	360,000.00
Total Long-Term Liabilities Payable From Restricted Assets	240,000.00	360,000.00
Total Liabilities	4,300,713.89	6,107,207.11
DEFERRED INFLOWS OF RESOURCES		
Service Concession Arrangements	2,670.00	2,845.00
Pension Deferred Inflows	1,333,264.00	325,677.00
Total Deferred Inflows of Resources	1,335,934.00	328,522.00
NET POSITION		
Net Investment in Capital Assets	7,619,691.46	8,372,975.47
Restricted for:		
Reserve/(Deficit) for BB&T Center Improvements	377,929.27	356,282.33
Unrestricted:		
Designated for Subsequent Year's Expenditures	180,000.00	180,000.00
Unrestricted	4,040,809.80	3,641,313.78
Total Net Position	12,218,430.53	12,550,571.58
Total Liabilities, Deferred Inflows of Resources and Net Position	\$17,855,078.42	18,986,300.69

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

**THE PARKING AUTHORITY OF THE CITY OF CAMDEN
COMPARATIVE STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS DECEMBER 31, 2017 AND 2016**

	2017	2016
Operating Revenues:		
Parking Fees	\$4,105,696.76	4,163,378.42
Other Operating Revenues	730,834.70	847,915.70
	<hr/>	<hr/>
Total Operating Revenues	4,836,531.46	5,011,294.12
	<hr/>	<hr/>
Operating Expenses:		
Personnel and Administration:		
Salaries & Wages	1,258,561.72	1,197,579.89
Fringe Benefits	858,504.00	1,139,114.76
General & Administrative	709,550.07	685,348.34
	<hr/>	<hr/>
Total Personnel and Administration	2,826,615.79	3,022,042.99
	<hr/>	<hr/>
Cost of Providing Services	941,876.18	979,940.67
	<hr/>	<hr/>
Total Operating Expenses	3,768,491.97	4,001,983.66
	<hr/>	<hr/>
Operating Income Before Other Operating Expenses	1,068,039.49	1,009,310.46
	<hr/>	<hr/>
Other Operating Expenses:		
Depreciation & Amortization	342,949.72	268,457.98
	<hr/>	<hr/>
Total Other Operating Operating Expenses	342,949.72	268,457.98
	<hr/>	<hr/>
Operating Income/(Loss) After Other Operating Expenses	725,089.77	740,852.48
	<hr/>	<hr/>
Nonoperating Income/(Expenses):		
Interest on Investments & Deposits	19,419.37	9,658.22
Interest Expense	(12,722.49)	(2,285.72)
Gain/(Loss) on Sale/Disposal of Capital Assets	(1,132,124.64)	669,444.00
Net Change in Reserve for BB & T Center Improvements	21,646.94	87,098.18
	<hr/>	<hr/>
Total Nonoperating Revenue/(Expenses)	(1,103,780.82)	763,914.68
	<hr/>	<hr/>
Net Income/(Loss) Before Contributions	(378,691.05)	1,504,767.16
Capital Contributions	46,550.00	
	<hr/>	<hr/>
Change in Net Position	(332,141.05)	1,504,767.16
Net Position - Beginning of Year	12,550,571.58	11,045,804.42
	<hr/>	<hr/>
Net Position - End of Year	\$12,218,430.53	12,550,571.58
	<hr/>	<hr/>

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

**THE PARKING AUTHORITY OF THE CITY OF CAMDEN
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS DECEMBER 31, 2017 AND 2016**

	2017	2016
Cash Flows from Operating Activities:		
Cash Received From Customers	\$5,095,968.11	4,702,495.16
Cash Paid to Employees	(1,258,561.72)	(1,197,579.89)
Cash Paid to Supplies & Employees	(2,759,171.40)	(2,488,547.57)
	<u>1,078,234.99</u>	<u>1,016,367.70</u>
Net Cash Provided by Operating Activities		
Cash Flows From Capital & Related Financing Activities:		
Receipts/(Disbursements) from Susquehanna Center Reserve	68,196.94	87,098.18
Capital Lease	(11,162.00)	
Promissory Note - Principal	(120,000.00)	(120,000.00)
Proceeds on Sale of Assets		969,444.00
Additions to Property, Plant & Equipment	(603,775.37)	(1,292,286.77)
	<u>(666,740.43)</u>	<u>(355,744.59)</u>
Net Cash Used in Capital & Related Financing Activities		
Cash Flow from Investing Activities:		
Interest on Investments	19,419.37	9,658.22
Interest Expense	(12,722.49)	(2,285.72)
	<u>6,696.88</u>	<u>7,372.50</u>
Change in Cash & Cash Equivalents	418,191.44	667,995.61
Cash & Cash Equivalents at Beginning of Year	7,997,854.19	7,329,858.58
	<u>\$8,416,045.63</u>	<u>7,997,854.19</u>
Cash and Cash Equivalents at End of Year		

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	\$725,089.77	\$740,852.48
Provided by Operating Activities:		
Depreciation & Amortization Expense	342,949.72	268,457.98
Changes in Operating Assets & Liabilities:		
Parking Fees Receivable	192,549.75	(294,839.56)
Due From BB & T Center	27,061.90	66,990.18
Due From City of Camden	40,000.00	(79,979.58)
Security Deposits	(10,040.00)	(40.00)
Prepaid Insurance	(120,264.83)	
Accounts Payable	(100,170.52)	323,742.56
Other Payable	(14,571.43)	2,285.72
Deferred Revenue	(175.00)	(970.00)
Compensated Absences Payable	(4,194.37)	(10,132.08)
	<u>\$1,078,234.99</u>	<u>1,016,367.70</u>
Net Cash Provided by Operating Activities		

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

NOTES TO THE FINANCIAL STATEMENTS

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

Note 1. Reporting Entity

The Parking Authority of the City of Camden is a public corporate and politic of the State of New Jersey and was created by an ordinance passed by the Council of the City of Camden. The Authority was created to promote public safety, convenience and welfare by providing sufficient off-street parking facilities and through administration of parking meters.

The Camden City Parking Authority is a component unit of the City of Camden as described in Governmental Accounting Standards Board Statement No. 14 due to the existence of a service agreement between the Authority and the City. These financial statements would be either blended or discreetly present as part of the City's financial statements if the City reported using generally accepted accounting principles applicable to governmental entities.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles ("GAAP") applicable to enterprise funds of state and local governments.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets net of total liabilities) are segregated into invested capital assets, net of related debt; restricted for capital activity; restricted for debt service; and unrestricted components.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements:

The following GASB Statements became effective for the year ended December 31, 2017:

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 2. Summary of Significant Accounting Policies (continued):

Basis of Presentation (continued):

Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The adoption of this statement had no impact on the Authority's financial statements.

Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement 68, *Accounting and Financial Reporting for Pensions*. The adoption of this statement had no impact on the Authority's financial statements.

Statement 79, *Certain External Investment Pools and Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. The adoption of this statement had no impact on the Authority's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following statements which will become effective in future fiscal years:

Statement 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This statement replaces the requirements of GASB 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, Statement 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement 74, *Financial Reporting for Post-employment Benefit Plan Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Authority's financial statements.

Statement 80, *Blending Requirements for Certain Component Units* – an amendment of GASB Statement 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 14, *The Financial Reporting Entity, as amended*. This statement will be effective for the year ended June 30, 2018. Management does not expect this statement to have a material impact on the Authority's financial statements.

Statement 81, *Irrevocable Split-Interest Agreements*. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 2. Summary of Significant Accounting Policies (continued):

Basis of Presentation (continued):

measurement guidance for situations in which a government is a beneficiary of the agreement. This statement will be effective for the year ended June 30, 2018. Management does not expect this statement to have a material impact on the Authority's financial statements.

Statement 82, *Pension Issues – an amendment of GASB Statement 67, 68 and 73*. The objective of this statement is to address certain issues that have been raised with respect to Statement 67, *Financial Reporting for Pension Plans*, Statement 68, *Accounting and Financial Reporting for Pensions*, and Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the Authority's financial statements.

Statement 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this statement are effective for reporting periods beginning after June 30, 2018. Management does not expect this statement to have a material impact on the Authority's financial statements.

Statement 84, *Fiduciary Activities*. The statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement 84 is effective for the reporting period beginning after December 31, 2018. Management does not expect this statement to have a material impact on the Authority's financial statements.

Statement 85, *Omnibus 2017*. This statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement 85 is effective for the period beginning after June 15, 2017. Management does not expect this statement to have a material impact on the Authority's financial statements.

Statement 86, *Accounting for Certain Debt Extinguishment*. Statement 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement 86 is effective for the period beginning after June 15, 2017. Management does not expect this statement to have a material impact on the School District's financial statements. Statement 87, *Leases*. Statement 87 establishes single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing the right to use an underlying asset. Statement 87 is effective for the reporting period

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 2. Summary of Significant Accounting Policies (continued):

Basis of Presentation (continued):

beginning after December 15, 2019. Management does not expect this statement to have a material impact on the Authority's financial statements.

Budgets and Budgetary Accounting

The Parking Authority of the City of Camden must adopt an annual budget in accordance with *N.J.A.C.5:31-2*. *N.J.A.C.5:31-2* requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for notes payable and capital outlays. Depreciation expense is included the budget appropriations.

The Parking Authority of the City of Camden must adopt an annual budget in accordance with *N.J.A.C.5:31-2*. *N.J.A.C.5:31-2* requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for notes payable and capital outlays. Depreciation expense is included the budget appropriations.

The legal level of budgetary control is established at the detail shown on the statement of Revenues, Expenses and Changes in Retained Earnings. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not effected. There are no statutory requirements that budgetary line items not be overexpended. However, certain budget line items were overexpended.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles.

Investments

The Authority considers all marketable securities purchased with an initial maturity of three months or more as investments.

Investments are stated at market value. Investment income includes interest and dividend income, realized gains and losses on the sale of investments, and changes in the fair value of investment held by the Authority.

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 2. Summary of Significant Accounting Policies (continued):

Contributed Capital

Contributed Capital consists primarily of the Waterfront Parking Garage located at Delaware Avenue and Federal Street. The parking garage was contributed by the City of Camden.

Inventory of Supplies

The costs of inventories of supplies are recorded as expenditures at the time the individual items are purchased. The Authority has determined that inventories were immaterial as of year-end.

Property, Plant and Equipment

Property, Plant and Equipment primarily consists of expenditures to acquire, construct, place in operation and improve the facilities of the Authority.

Expenditures are capitalized when they meet the following requirements:

- 1) Cost of \$2,000.00 or more.
- 2) Useful life of more than one year.
- 3) Asset is not affected by consumption

Interest costs incurred during construction are not capitalized into the cost of the asset.

Depreciation

Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	Years
Buildings	30-40
Furniture, Fixtures & Equipment	5-15

A half-year of depreciation is taken in the year of acquisition.

Net Position:

Net Position is distributed into three categories:

Net Investments in Capital Assets - The Authority's equity in Property, Plant and Equipment, which, consequently cannot be appropriated to support operations.

Unrestricted - Represents cumulative earnings that are currently available and may be appropriated for any lawful purpose. Unrestricted net assets are calculated by taking total net assets less restricted net assets and invested in capital assets, net of related debt. Included is working capital, which is provided

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 2. Summary of Significant Accounting Policies (continued):

Net Position (continued):

By current assets less current liabilities payable from current assets. (See Note 8 for calculation)

Restricted - Represents reserve funds set aside as part of an agreement for use of the Authority's parking facilities by the Susquehanna Center. For the year ended December 31, 2017 funds collected by the Authority in accordance with this agreement exceeded the amount of funds expended to date by \$377,929.27 (see Note 9).

Income Taxes

The Authority operates as defined by Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.

Note 3. Stewardship, Compliance and Accounting Ability

A. Compliance with finance related legal and contractual provisions

The Authority has no material violations of finance related legal and contractual provisions.

B. Budgetary Compliance

The Authority adopts an operating budget on another comprehensive basis of accounting, which is not the same basis of accounting as that used to account for the actual results or operations on an accrual basis. The following items indicate the primary differences between the budgetary basis and the GAAP basis.

Cash outlays to acquire or construct capital assets is included as a non-operating budget appropriation.

The budget to actual schedules are presented in the Authority's audit report. Also included is a reconciliation of Excess Revenues Over Expenses - Budgetary Basis to Net Income - GAAP basis.

Note 4. Cash and Cash Equivalents and Investments

The Authority is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2017 and 2016, and reported at fair value are as follows:

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 4. Cash and Cash Equivalents and Investments (continued):

Type	2017 Carrying Value	2016 Carrying Value
Deposits:		
Demand Deposits	\$8,119,049.81	\$7,703,360.36
New Jersey Cash Management Fund	<u>296,995.82</u>	<u>294,493.83</u>
Total Deposits & Investments	<u>\$8,416,045.63</u>	<u>\$7,997,854.19</u>
	2017	2016
Reconciliation of Statement of Net Position:		
Current:		
Unrestricted Assets:		
Cash & Cash Equivalents	\$8,012,991.36	\$7,619,364.83
Change Fund	25,125.00	25,125.00
Restricted Assets:		
Cash & Cash Equivalents	<u>377,929.27</u>	<u>353,364.36</u>
Total Reconciliation of Statement of Net Position	<u>\$8,416,045.63</u>	<u>\$7,997,854.19</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2017 and 2016, the Authority's bank balance of \$8,783,924.84 and \$7,071,101.35 respectively, was insured or collateralized as follows:

Custodial Credit Risk - For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All of the Authority's investments are held in the name of the Authority and are collateralized by GUDPA.

Investment 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. Maturities of investment held at December 31, 2017 and 2016, are provided in the above schedule.

Investment Credit Risk – The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 4. Cash and Cash Equivalents and Investments (continued):

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Authority or bonds or other obligations of the local unit or units within which the Authority is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Authority;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

Concentration of Investment Credit Risk – The Authority places no limit on the amount it may invest in any one issuer. At December 31, 2017 and 2016, the Authority had no investments.

Governmental Unit Deposit Protection Act (GUDPA)

The Authority has deposited cash in 2017 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Authority invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 4. Cash and Cash Equivalents and Investments (continued):

or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Authority should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 5. Property, Plant and Equipment

The following is a summary of changes in the Authority's property, plant and equipment for the years ended December 31, 2017 and 2016:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2017
Land	\$1,546,954.50			\$1,546,954.50
Buildings	6,740,670.15	\$ 12,925.48		6,753,595.63
Furniture, Fixtures & Equipment:				
General	878,980.22	124,091.44		1,003,071.66
Routes	82,966.90			82,966.90
Violations	104,314.50	88,057.61		192,372.11
Waterfront	304,480.88			304,480.88
Leasehold Improvements	1,631,462.36	55,300.00		1,686,762.36
Capitalize Professional Services	<u>3,793,909.29</u>	<u>370,250.94</u>	<u>\$(1,132,124.64)</u>	<u>3,032,035.59</u>
Subtotal	15,083,738.80	650,625.47	(1,132,124.64)	14,602,239.63
Less: Accumulated Depreciation	<u>6,230,763.33</u>	<u>342,949.72</u>		<u>6,573,713.05</u>
Total	<u>\$8,852,975.47</u>	<u>\$ 307,675.75</u>	<u>\$(1,132,124.64)</u>	<u>\$8,028,526.58</u>
Additions:				
BB & T Reserve		\$ 46,550.00		
Operating Budget		<u>604,075.47</u>		
Total		<u>\$ 650,625.47</u>		

	Balance January 1, 2015	Additions	Adjustments/ Deletions	Balance December 31, 2016
Land	\$1,846,954.50		\$ (300,000.00)	\$1,546,954.50
Buildings	6,779,615.52		(38,945.37)	6,740,670.15
Furniture, Fixtures & Equipment:				
General	1,087,217.68	\$ 525.00	(208,762.46)	878,980.22
Routes	87,173.40		(4,206.50)	82,996.90
Violations	104,314.50			104,314.50
Terminal	12,169.00		(12,169.00)	
Waterfront	308,730.88	15,000.00	(19,250.00)	304,480.88
Leasehold Improvements	1,124,697.55	252,954.95	253,859.86	1,631,462.36
Capitalize Professional Services	<u>2,751,740.47</u>	<u>1,042,457.82</u>		<u>3,793,909.29</u>
Subtotal	14,102,613.50	1,310,598.77	(329,473.47)	15,083,738.80
Less: Accumulated Depreciation	<u>5,991,778.82</u>	<u>268,457.98</u>	<u>29,473.47</u>	<u>3,230,763.33</u>
Total	<u>\$8,110,834.68</u>	<u>\$1,042,140.79</u>	<u>\$(300,000.00)</u>	<u>\$8,852,975.47</u>

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 5. Property, Plant and Equipment (continued):

Additions:

BB & T Reserve	\$ - 0 -
Operating Budget	<u>1,310,598.77</u>
Total	<u>\$1,310,598.77</u>

B. Contributed Capital

Below is an analysis of contributed capital for the years ended December 31, 2016 and 2016:

	<u>2017</u>	<u>2016</u>
Balance January 1,	\$2,826,297.71	\$ 2,988,353.06
Capital Contributions for the Year	46,550.00	
Depreciation on Contributed Assets	<u>(208,605.35)</u>	<u>(162,055.35)</u>
Balance December 31,	<u>\$2,664,242.36</u>	<u>\$ 2,826,297.71</u>

Note 6. Pension Note

Description of System and Vesting

All eligible authority employees participate in the contributory defined benefit public employee retirement system established by state statute. The Public Employees Retirement System (PERS) is sponsored and administered by the State of New Jersey and considered a cost-sharing multiple employer plan.

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage.

At December 31, 2017 the Authority reported a liability of \$3,349,637.00 for its proportionate share of the net pension liability as measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The authority elected to record \$135,867.98 as current pension liability from the above amount. The authority's proportion of the net pension liability was based on a projection of the authority's long - term share of contributions to the pension plan relative to the projected contributions of all participating authorities, actuarially determined. At June 30, 2017, the authority's proportion was .0143894623% which decreased slightly by .0024% from its proportion measured as of June 30, 2016.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 6. Pension Note (continued):

PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended December 31, 2017 and 2016 the Authority recognized pension expense of \$108,788.06 and \$440,498.85 respectively. At December 31, 2017 and 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference Between Expected and Actual Experience	78,872		\$ 92,388	
Changes of Assumptions	674,836	672,362		1,029,080
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	22,809		189,430	
Changes in Proportion and Differences Between Authority Contributions and Proportionate Share of Contributions	182,914	660,902	234,151	325,677
Authority Contributions Subsequent to The Measurement Date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 959,431</u>	<u>\$1,333,264</u>	<u>\$1,545,049</u>	<u>\$325,677</u>

\$ 959,731.00 and \$1,545,049.00 are reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the years ended December 31, 2017 and 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as shown below. The amounts represent the Authority's proportionate share of deferred outflows of resources and deferred inflows of resources.

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 6. Pension Note (continued):

Year ended December 31, 2017 :		Year ended December 31, 2016 :	
2017	\$ (68,217.00)	2017	\$ 212,253.00
2018	(68,217.00)	2018	212,253.00
2019	(68,217.00)	2019	212,253.00
2020	(68,217.00)	2020	212,253.00
2021	(68,217.00)	2021	212,251.00
Thereafter	<u>(32,748.00)</u>	Thereafter	<u>158,109.00</u>
Total	\$ <u>(373,833.00)</u>	Total	\$ <u>1,219,372.00</u>

Additional Information

Collective local balances at December 31, 2017 and 2016 are as follows

	12/31/2017	12/31/2016
Collective Deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective Deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Authority's Proportion	1.43895%	0.01668%

Actuarial Assumptions

The total pension liability in the June 30, 2017 and 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

	<u>2017</u>		<u>2016</u>
Inflation Rate	2.25%	Inflation Rate	3.08%
Salary Increases: Through 2026	1.65 – 4.15% Based on Age	Salary Increases: Through 2026	1.65 – 4.15% Based on Age
Thereafter	2.65 – 5.15% Based on Age	Thereafter	2.65 – 5.15% Based on Age

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 6. Pension Note (continued):

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 and 2016 are summarized in the following tables:

Asset Class	2017 Target Allocation	2017 Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Develop Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 6. Pension Note (continued):

Asset Class	2016 Target Allocation	2016 Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt Ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
Commodities	1.00%	5.32%
Global Debt Ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65% as of June 30 2017 and 2016, respectively, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contribution 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 6. Pension Note (continued):

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

The following presents the collective net pension liability of the participating employers as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

2017			
	<u>At 1% decrease (4.00%)</u>	<u>At current discount rate (5.00%)</u>	<u>At 1% increase (6.00%)</u>
State	29,818,581,732	25,645,622,797	22,179,578,513
Local	<u>28,878,437,027</u>	<u>23,278,401,588</u>	<u>18,612,878,069</u>
	<u>58,697,018,759</u>	<u>48,924,024,385</u>	<u>40,792,456,582</u>
2016			
	<u>At 1% decrease (2.98%)</u>	<u>At current discount rate (3.98%)</u>	<u>At 1% increase (4.98%)</u>
State	34,422,851,197	29,390,685,705	25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
	<u>70,715,189,252</u>	<u>49,007,817,464</u>	<u>49,352,744,647</u>

Description of System and Vesting

Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Contribution Requirements

The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and

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Note 6. Pension Note (continued):

employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. The Authority's contributions to P.E.R.S. for the years ending December 31, 2017, 2016 and 2015 were \$150,165, \$131,856 and \$141,323, respectively, equal to the required contributions for each year.

Note 7. Liabilities

A. Compensated Absences

Authority employees may accumulate unused sick days with no restrictions. Unused sick leave at retirement lapses. Vacation days not used during the year may not be carried forward without authorization of the Executive Director. Upon separation from the Authority, the employee is paid for all accrued vacation time at their current hourly rate. The estimated liability for compensated absences at December 31, 2017 and 2016 are \$38,099.68 and \$42,584.05 respectively.

B. Severance Pay

Authority employees who terminate their employment voluntarily because of a retirement program of the Parking Authority or the State of New Jersey or who has passed away while in Parking Authority employment or have their jobs abolished for purpose of economy will receive severance pay. This severance pay will be based on the number of years of service and will be paid at the employee's regular rate according to the following schedule:

Years of Service	Weeks Pay
5-15	1
15-20	2
Over 20	3

The Authority has accrued expenses totaling \$34,672.00 at December 31, 2017 and \$41,190.56 at December 31, 2016 for severance pay.

C. Promissory Note

On August 9, 2010 the Authority entered into an agreement with Camden City Redevelopment Agency to purchase property at Block 150, Lot 35.01 located on Federal Street in Camden City. The purchase price was for \$1,104,250 of which \$600,000 consist of a promissory note with an annual interest rate of 5% to Camden City Redevelopment Agency. The financial statements reflect accrued interest payable of \$6,000.00 at December 31, 2017 and \$20,571.43 at December 31, 2016 that is related to this promissory note.

The annual payments are according to the following schedule:

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

C. Promissory Note (continued):

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
8/27/18	\$120,000	18,000	\$138,000
8/27/19	120,000	12,000	132,000
8/27/20	<u>120,000</u>	<u>6,000</u>	<u>126,000</u>
Total	<u>\$360,000</u>	<u>36,000</u>	<u>\$396,000</u>

Note 8. Segment Information of Enterprise Funds

Working Capital

The Authority's working capital is calculated as follows:

	<u>2017</u>	<u>2016</u>
Current Assets	\$8,489,191.57	\$8,231,993.89
Current Liabilities Payable from Current Assets	<u>(737,189.00)</u>	<u>(851,372.06)</u>
Total Working Capital	<u>\$7,752,002.57</u>	<u>\$7,380,621.83</u>

Note 9. Contractual Agreements

A. Live Nation

The Authority has entered into an agreement with Live Nation to provide parking facilities for the use of the BB & T Center at the Camden Waterfront. The agreement allows Live Nation to operate the parking facilities in return for the Authority receiving a percentage of the gross parking revenues. The initial term of the parking agreement is thirty-one years with two successive lease options for twenty and ten years respectively.

The agreement also calls for an additional 2.5% of gross parking revenues to be paid to the Authority and segregated in a separate reserve fund. The moneys in the reserve fund are to be utilized by the Authority to provide the necessary installation and replacement of capital items at the parking facilities utilized by Live Nation. Amounts held in the reserve fund at the end of the parking agreement shall be distributed equally to both Live Nation and the Authority. At December 31, 2017 and 2016, revenues earned from the reserve-exceeded expenditures by \$377,929.27 and \$356,282.33 respectively.

B. Operating Leases

On December 5, 2017 the Authority entered into an operating lease for two copiers. As of December 31, 2017 the minimum lease payments for the operating lease are as follows:

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

B. Operating Leases (continued):

Fiscal Year Ending November 30	Minimum Annual Lease Payments
2018	\$ 3,306.00
2019	3,306.00
2020	3,306.00
2021	<u>3,306.00</u>
Total	<u>\$13,224.00</u>

Note 10. Economic Dependency

The Authority generates a large portion of its revenue (estimated at between 30% - 40%) from events held at two different public facilities in the general vicinity of its Waterfront Garage. One of these facilities, "the Aquarium", has constructed its own parking facility. The effect of this facility on the Authority's revenue is not known at this time. As of June of 2005, the Authority has entered into a contract with "The Aquarium" to be the operator of the Aquarium parking facility. Based upon a fixed parking rate of \$10.00 per car the Authority retains \$3.00 per car.

The Authority also generates a large portion of its revenue (estimated at between 15% - 25%) from the New Jersey Transit Building known as the Walter Rand Transportation Terminal. Currently the Authority is the operator of the parking facility without having a fully executed agreement with NJ Transit. The Authority pays NJ Transit \$37,500 per quarter and in return the Authority retains 100% of the parking fees.

Note 11: Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required PERS, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the PERS system. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees. As of June 30, 2016, there were 110,512 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

State Health Benefits Plan Description

The Parking Authority of the City of Camden contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 11. Post-retirement Benefits (continued):

of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52: 14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1990, The Parking Authority of the City of Camden authorized participation in the SHBP's post-retirement benefit program through a resolution. At this particular time the Authority is unable to locate and identify the actual resolution. The Authority adopted the provision of Chapter 88, Public Laws of 1974 as amended by Chapter 436, P.L. 1981 to permit local public employers to pay the premium charges for certain eligible pensioners and their dependents and to pay Medicare charges for such retirees and their spouses covered by the New Jersey Health Benefits Program. In 2011 Authority employees began making health benefit contributions of 1.5% of their base salaries towards the health benefit costs.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-jul2011.pdf.

Funding Policy

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to The Parking Authority of the City of Camden on a monthly basis. As a participating employer the Authority will pay and remit to the State treasury contributions to cover the full cost of premiums for eligible pensioners on a basis comparable to the reimbursement made by the State to its eligible pensioners and their spouses in accordance with provisions of chapter 75, Public Laws of 1972.

The Parking Authority of the City of Camden contributions to SHBP for the years ended December 31, 2017, 2016, and 2015, were \$111,420.98, \$107,227.60, and \$97,018.21 respectively, which equaled the required contributions for each year. There were ten (10) retired participants eligible at December 31, 2017, nine (9) at December 31, 2016 and seven (7) at December 31, 2015.

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
(A Component Unit of the City of Camden)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

Note 12: Litigation

The Authority is a defendant in a legal proceeding that resulted in an unfavorable verdict for the Authority in the amount of \$3,000,000 as of April 25, 2018. The Authority intends to appeal the verdict.

Note 13: Redevelopment Agreement

On September 12, 2013 the Authority entered into an agreement with the City of Camden Redevelopment Agency (CCRA) to purchase six lots from CCRA for \$1,200,000 of which the Authority paid \$300,000 at settlement and the remaining \$900,000 which may be owed to CCRA based on various contingent conditions set forth in the agreement based on possible Future-Parking Projects developed on these lots. As of December 31, 2017 the Authority has not recorded a liability of \$900,000 due to the uncertainty on when any Future-Parking Projects will commence.

Note 14: Unrestricted Net Position Appropriated

Of the \$4,220,809.80 unrestricted and undesignated net position at December 31, 2017, \$180,000.00 was appropriated and anticipated as revenue in the 2018 budget as adopted. Of the \$3,821,313.78 unrestricted and undesignated net position at December 31, 2016, \$180,000.00 was appropriated and anticipated as revenue in the 2017 budget as adopted.

Note 16: Subsequent Events

The Parking Authority of the City of Camden has evaluated subsequent events occurring after December 31, 2017 through the date of July 31, 2018, which is the date the financial statements were available to be issued.

Note 17: Credits and Grants

The Parking Authority applied for and has received approval from the New Jersey Economic Development Authority (NJEDA) and the Economic Recovery Board of Camden (ERB) for a \$3,000,000 grant from funds provided by the Higher Education and Regional Health Care Development Fund established through the Municipal Rehabilitation and Economic Recovery Act. These funds are earmarked to fund costs associated with the development of a parking garage in the City of Camden. The grant was ratified at a New Jersey Economic Development Authority meeting on July 14, 2016 in the amount of \$3,000,000. However, the Authority is awaiting approval since the site of the garage location was changed from the site, in which the original approval was granted.

In addition to the grant from the NJEDA the Authority also received a tax credit of \$14,000,000 from the New Jersey Economic Redevelopment and Growth Program (NJERG). This credit was awarded contingent upon construction of a parking garage in the City of Camden. The Authority, as a public entity, will not be able to use the tax credit on its own but will be in position to sell the rights to the tax credit. The sale of these credits is subject to the same restrictions on actually receiving them as the receipt is contingent upon the construction of a parking garage meeting the requirements of the grant.

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REQUIRED SUPPLEMENTARY INFORMATION – PART II

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
COMPARATIVE STATEMENT OF OPERATING REVENUES AND COST FUNDED BY
OPERATING REVENUES COMPARED TO BUDGET
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	DECEMBER 31, 2017				DECEMBER 31, 2016			
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Operating Revenues:								
Parking Fees:								
Meters	939,000.00	939,000.00	1,007,133.44	68,133.44	\$990,260.00	990,260.00	1,003,354.81	13,094.81
Parking Lots	1,630,000.00	1,630,000.00	1,743,860.43	113,860.43	2,012,197.00	2,012,197.00	1,886,209.75	(125,987.25)
Waterfront Garage	768,000.00	768,000.00	844,647.99	76,647.99	574,392.00	574,392.00	738,725.47	164,333.47
Transportation Terminal	534,000.00	534,000.00	510,054.90	(23,945.10)	576,145.00	576,145.00	535,088.39	(41,056.61)
Total	3,871,000.00	3,871,000.00	4,105,696.76	234,696.76	4,152,994.00	4,152,994.00	4,163,378.42	10,384.42
Other Operating Revenues:								
BB&T Center Revenues			479,680.73	479,680.73	353,904.00	353,904.00	577,826.46	223,922.46
Other	288,524.00	288,524.00	251,153.97	(37,370.03)	427,143.00	427,143.00	270,089.24	(157,053.76)
Total Other Operating Revenues	288,524.00	288,524.00	730,834.70	442,310.70	781,047.00	781,047.00	847,915.70	66,868.70
Total Operating Revenues	4,159,524.00	4,159,524.00	4,836,531.46	677,007.46	4,934,041.00	4,934,041.00	5,011,294.12	77,253.12
Nonoperating Revenues:								
Interest on Investments & Deposits	9,776.00	9,776.00	19,419.37	9,643.37	9,851.00	9,851.00	9,658.22	(192.78)
Total Budget Revenues	4,169,300.00	4,169,300.00	4,855,950.83	686,650.83	4,943,892.00	4,943,892.00	5,020,952.34	77,060.34
Salaries & Wages:								
Collections	51,000.00	51,000.00	60,284.35	(9,284.35)	50,013.00	50,013.00	57,672.33	(7,659.33)
Maintenance	234,000.00	234,000.00	201,258.97	32,741.03	338,154.00	338,154.00	245,838.72	92,315.28
Facilities	237,316.00	237,316.00	191,020.82	46,295.18	449,365.00	449,365.00	407,970.59	41,394.41
Office	389,684.00	389,684.00	378,684.18	10,999.82	435,781.00	435,781.00	234,184.89	201,596.11
Violations	294,000.00	294,000.00	427,313.40	(133,313.40)	276,207.00	276,207.00	251,913.36	24,293.64
Total Salaries & Wages	1,206,000.00	1,206,000.00	1,258,561.72	(52,561.72)	1,549,520.00	1,549,520.00	1,197,579.89	351,940.11

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
COMPARATIVE STATEMENT OF OPERATING REVENUES AND COST FUNDED BY
OPERATING REVENUES COMPARED TO BUDGET
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	DECEMBER 31, 2017			DECEMBER 31, 2016				
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Fringe Benefits:								
Payroll Taxes	113,400.00	113,400.00	121,528.13	(8,128.13)	154,952.00	154,952.00	113,229.18	41,722.82
Prescription/Dental Insurance	15,720.00	15,720.00	12,987.33	2,732.67	17,573.00	17,573.00	14,796.27	2,776.73
Pension	123,000.00	123,000.00	108,788.06	14,211.94	213,773.00	213,773.00	440,498.85	(226,725.85)
Health Insurance	654,600.00	654,600.00	602,912.51	51,687.49	630,013.00	630,013.00	557,509.73	72,503.27
Other - Uniforms	17,400.00	17,400.00	12,287.97	5,112.03	12,644.00	12,644.00	13,080.73	(436.73)
Total Fringe Benefits	924,120.00	924,120.00	858,504.00	65,616.00	1,028,955.00	1,028,955.00	1,139,114.76	(110,159.76)
General & Administrative:								
Travel and Conferences	2,400.00	2,400.00	1,888.08	511.92	2,056.00	2,056.00	2,986.16	(930.16)
Employee Training	4,800.00	4,800.00	842.99	3,957.01	1,181.00	1,181.00	1,375.00	(194.00)
Supplies & Printing	59,600.00	59,600.00	98,231.16	(38,631.16)	85,242.00	85,242.00	51,514.57	33,727.43
Advertisement	3,600.00	3,600.00	836.16	2,763.84	774.00	774.00	2,551.10	(1,777.10)
Publication & Dues			150.00	(150.00)				
Postage & Freight	2,400.00	2,400.00	2,342.61	57.39	1,776.00	1,776.00	2,118.13	(342.13)
Professional Fees	487,200.00	487,200.00	399,647.13	87,552.87	420,207.00	420,207.00	401,737.05	18,469.95
Bank Charges	102,600.00	102,600.00	110,519.47	(7,919.47)	8,158.00	8,158.00	30,263.24	(22,105.24)
Computer Expense	55,200.00	55,200.00	49,373.96	5,826.04	48,396.00	48,396.00	50,428.77	(2,032.77)
Bad Debt Expense	24,000.00	24,000.00		24,000.00			102,578.86	(102,578.86)
Telephone	39,420.00	39,420.00	44,204.00	(4,784.00)	30,865.00	30,865.00	34,421.87	(3,556.87)
Miscellaneous	27,000.00	27,000.00	1,514.51	25,485.49	1,459.00	1,459.00	5,373.59	(3,914.59)
Total General & Administrative	808,220.00	808,220.00	709,550.07	98,669.93	600,114.00	600,114.00	685,348.34	(85,234.34)
Cost of Providing Service:								
Operating Leases - Rent	340,200.00	340,200.00	324,368.41	15,831.59	289,402.00	289,402.00	332,839.26	(43,437.26)
Insurance	229,800.00	229,800.00	283,305.63	(53,505.63)	228,440.00	228,440.00	226,418.58	2,021.42
Vehicle Maintenance	20,400.00	20,400.00	12,235.39	8,164.61	5,302.00	5,302.00	12,224.47	(6,922.47)
Maintenance	192,600.00	192,600.00	136,278.67	56,321.33	97,761.00	97,761.00	212,024.74	(114,263.74)
Utilities	151,200.00	151,200.00	136,386.49	14,813.51	193,467.00	193,467.00	149,920.76	43,546.24
Signage	10,800.00	10,800.00	2,100.00	8,700.00	7,810.00	7,810.00	2,378.00	5,432.00

THE PARKING AUTHORITY OF THE CITY OF CAMDEN
COMPARATIVE STATEMENT OF OPERATING REVENUES AND COST FUNDED BY
OPERATING REVENUES COMPARED TO BUDGET
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	DECEMBER 31, 2017			DECEMBER 31, 2016				
	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)	ORIGINAL BUDGET	MODIFIED BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Cost of Providing Service (continued):								
Elevator	16,200.00	16,200.00	16,071.86	128.14	11,651.00	11,651.00	13,980.00	(2,329.00)
Gasoline	3,600.00	3,600.00	5,859.01	(2,259.01)	4,800.00	4,800.00	4,056.39	743.61
Equipment Rental	6,600.00	6,600.00	13,025.72	(6,425.72)	7,349.00	7,349.00	13,688.47	(6,339.47)
Snow Removal Costs	27,000.00	27,000.00	12,245.00	14,755.00	8,556.00	8,556.00	12,410.00	(3,854.00)
Depreciation	312,000.00	312,000.00	342,949.72	(30,949.72)	297,363.00	297,363.00	268,457.98	28,905.02
Total Cost of Providing Service	1,310,400.00	1,310,400.00	1,284,825.90	25,574.10	1,151,901.00	1,151,901.00	1,248,398.65	(96,497.65)
Principal Payments on Debt Service								
Lieu of Depreciation			120,000.00		120,000.00	120,000.00	120,000.00	
Total Operating Appropriations	4,248,740.00	4,248,740.00	4,231,441.69	137,298.31	4,450,490.00	4,450,490.00	4,390,441.64	60,048.36
Nonoperating Appropriations:								
Interest Expense	24,000.00	24,000.00	12,722.49	11,277.51	216,525.00	216,525.00	2,285.72	(2,285.72)
Pilot Payment - City of Camden			650,625.47	(650,625.47)			1,276,877.82	216,525.00
Capital Outlays								(1,276,877.82)
Total Nonoperating Appropriations	24,000.00	24,000.00	663,347.96	(639,347.96)	216,525.00	216,525.00	1,279,163.54	(1,062,638.54)
Total Operating & Nonoperating Appropriations	4,272,740.00	4,272,740.00	4,894,789.65	(502,049.65)	4,667,015.00	4,667,015.00	5,669,605.18	(1,002,590.18)
Excess Revenues Over Expenditures	(\$103,440.00)	(103,440.00)	(38,838.82)	184,601.18	\$276,877.00	276,877.00	(648,652.84)	(925,529.84)
Adjustments to Reconcile Excess Revenues Over Expenditures to GAAP Basis for Change in Net Position:								
Excess Expenditures Over Revenues			(\$38,838.82)				(\$648,652.84)	
Add:								
Additions to Property, Plant & Equipment			650,625.47				1,276,877.82	
Gain/(Loss) on Sale of Assets			(1,132,124.64)				669,444.00	
Net Change in Reserve for Susquehanna Center Improvements			21,646.94				87,098.18	
Principal Payments			120,000.00				120,000.00	
Capital Contributions			46,550.00					
Change in Net Position (Exhibit B)			(\$332,141.05)				\$1,504,767.16	

SCHEDULE 2

**THE PARKING AUTHORITY OF THE CITY OF CAMDEN
ANALYSIS OF PARKING FEES RECEIVABLE
AS OF DECEMBER 31, 2017**

Balance January 1, 2017		\$443,380.55
Increased by:		
Accrued		<u>4,105,696.76</u>
Subtotal		4,549,077.31
Decreased by:		
Collections	\$4,296,413.41	
Allowance for Doubtful Accounts	<u>1,833.10</u>	<u>4,298,246.51</u>
Balance December 31, 2017		<u><u>\$250,830.80</u></u>

SCHEDULE 3

**ANALYSIS OF DUE FROM BB&T CENTER
AND RESERVE FOR IMPROVEMENTS RECEIVABLE
AS OF DECEMBER 31, 2017**

Balance January 1, 2017		\$27,061.90
Increased by:		
Event Revenue Accrued	\$531,545.88	
Miscellaneous Revenue Accrued	3,000.00	
Reserve for Improvements Accrued	<u>67,840.66</u>	<u>602,386.54</u>
Subtotal		629,448.44
Decreased by:		
Event Revenue - Per Agreement with BB & T Center	554,889.81	
Miscellaneous Revenue - Per Agreement with BB & T Center	3,800.00	
Reserve for Improvements - Per Agreement with BB & T Center	<u>70,758.63</u>	<u>629,448.44</u>
Balance December 31, 2017		<u><u>-</u></u>

SCHEDULE 4

**THE PARKING AUTHORITY OF THE CITY OF CAMDEN
ANALYSIS OF ACCRUED INTEREST RECEIVABLE
AS OF DECEMBER 31, 2017**

Balance January 1, 2016	\$ -
Increased by:	
Interest Earned	<u>(19,419.37)</u>
Subtotal	(19,419.37)
Decreased by:	
Interest Received	<u>19,419.37</u>
Balance December 31, 2017	<u><u>\$ -</u></u>

SCHEDULE 5

**ANALYSIS OF RESERVE FOR BB & T CENTER IMPROVEMENTS
AS OF DECEMBER 31, 2017**

Balance January 1, 2017	\$356,282.33
Increased by:	
Received From BB & T Center	\$67,840.66
Interest Earnings	<u>356.28</u>
	68,196.94
Subtotal	424,479.27
Decreased by:	
Capital Outlay	<u>46,550.00</u>
Balance December 31, 2017	<u><u>\$377,929.27</u></u>

SCHEDULE 6

**THE PARKING AUTHORITY OF THE CITY OF CAMDEN
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - PERS ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's Proportion of the Net Pension Liability (Asset)	0.00685%	0.00842%	0.00746%	0.00826%	0.00902%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$3,349,637	\$4,967,884	\$3,442,821	\$3,209,606	3,462,775
Authority's covered employee payroll	\$1,052,711	\$1,059,940	\$1,407,854	\$1,369,103	\$1,141,273
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.44%	40.14%	52.08%	47.92%	48.72%

SCHEDULE 7

**SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS - PERS
SCHEDULE OF CONTRIBUTIONS ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$131,856	\$131,856	\$141,323	\$134,235	\$132,100
Contributions in relation to the Actuarially Determined Contributions	131,856	131,856	141,323	134,235	132,100
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered-Employee Payroll	\$1,052,711	\$1,059,940	\$1,407,854	\$1,369,103	\$1,141,273
Contributions as a Percentage of Covered - Employee Payroll	12.525%	12.440%	10.038%	9.805%	11.575%

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION – PART III

THE PARKING AUTHORITY OF THE CITY OF CAMDEN

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017 AND 2016**

Public Employees' Retirement System (PERS)

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

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Additional detailed information about the pension plans is available in the separately issued State of New Jersey Public Employees' Retirement System – Schedules of Employer Allocations and Schedules of Pension Amounts by Employer at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>

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GENERAL COMMENTS AND RECOMMENDATIONS



BRENT W. LEE & CO., LLC
Certified Public Accounting Firm

To the Chairman and Members of the
The Parking Authority of the City of Camden
Camden, New Jersey 08103

I have audited the financial accounts and transactions of the Parking Authority of the City of Camden in the County of Camden for the year ended December 31, 2017. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the governing body of the Authority has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The minutes indicate that bids were requested by public advertising for the following items:

Construction Management and Snow Removal

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any instances where individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (N.J.S.A. 40A:11-6.1).

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Fund

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies.

Fixed Assets

Finding 2017-01:

An analysis of the Authority's fixed assets was not accurately prepared and maintained on a timely basis.

Recommendation:

The Authority should accurately prepare and maintain the analysis of fixed assets on a timely basis.

Acknowledgment

I received the complete cooperation of all officials and employees of the Authority and I greatly appreciate the courtesies extended to the audit team.

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing my recommendations, please call me.



Brent W. Lee
Certified Public Accountant

Cinnaminson, New Jersey
August 3, 2018