

*Report of Audit*  
*on the*  
*Financial Statements*  
*of*  
***The Parking Authority of  
the Township of  
West Windsor***  
*for the*  
*Years Ended*  
*December 31, 2015 and 2014*

# **Financial Report**

of

## **The Parking Authority of the Township of West Windsor**

For the Years Ended December 31, 2015 and 2014

Prepared By

The Parking Authority of the Township of West Windsor

Finance Department

# **THE PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR**

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Commissioners  
Parking Authority of the Township of West Windsor  
West Windsor, New Jersey

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Parking Authority of the Township of West Windsor, as of and for the years ended December 31, 2015 and 2014, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Parking Authority of the Township of West Windsor, as of December 31, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As discussed in Note 2 to the basic financial statements, in 2015, the Authority adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68). Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion analysis and the schedules related to accounting and reporting for pensions in Schedule R-1 through R-3 identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited

procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the Township of West Windsor's basic financial statements. The financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2016 on our consideration of the Parking Authority of the Township of West Windsor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Parking Authority of the Township of West Windsor's internal control over financial reporting and compliance.

June 2, 2016



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

The Board of Commissioners  
Parking Authority of the Township of West Windsor  
West Windsor, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Parking Authority of the Township of West Windsor as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Parking Authority of the Township of West Windsor's financial statements, and have issued our report thereon dated June 2, 2016.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

June 2, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual report presents management's analysis of the Authority's financial condition and activities for the year. This information should be read in conjunction with the Authority's financial statements.

Financial Highlights

Total assets were \$9,669,075 and total liabilities were \$6,456,532 resulting in net position of \$3,194,364 at December 31, 2015. Net position at December 31, 2015 decreased by \$51,441 compared to December 31, 2014. Of this decrease, \$41,789 was due to the change in the Net Pension Liability.

The Authority's unrestricted net position decreased by \$558,294 for the year ended December 31, 2015.

Operating income was \$156,964 for the year ended December 31, 2015. This was an increase of \$49,954 (46.7%) when compared to the December 31, 2014 operating income of \$107,010. User charges increased in 2015 by \$102,425. This increase resulted mainly from an increase in the parking permit rate charged to non-residents of West Windsor Township in the new Vaugh lot. The increase was \$300.00 per year and was effective February 1, 2015 and was charged to approximately 350 permit holders. This increased revenue resulted in an increase in operating income.

Operating expenses increased by \$52,471 over December 31, 2014. The largest increases were in lot maintenance, including snow removal \$9,765, resulting from the increase in the amount paid for snow removal and an increase of \$24,592 in depreciation expense from placing the fixed assets in use.

Total outstanding debt was \$4,720,000 at December 31, 2015, consisting of \$4,720,000 Parking Revenue Bonds issued on April 20, 2014 (Township Guaranteed, Series 2013). The Bonds were issued to provide funds for the cost of construction of a new parking facility on Alexander Road including capitalized interest and expenses with the issuance and delivery of the Bonds.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; a statement of cash flows; notes to the financial statements and a statement of net position-fiduciary fund.

The statement of net position presents the Assets, Liabilities, Deferred Inflows and Outflows of Resources and Total Net Position of the Authority on a historical cost basis. Over time, increases and decreases in the components of the Authority's Total Net Position are indicators of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents the results of the business activities over the fiscal year and information as to how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides information about

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of Annual Financial Report (Continued)

the Authority's ability to recover its costs through user fees and other charges.

The statement of cash flows presents changes in cash and cash equivalents resulting from operating activities, investing, capital and non-capital activities. The statement presents cash receipts and disbursements without consideration of the earnings event. This statement shows what sources provided cash, what cash was used for and what the change in cash balance was for the reporting period.

In 2015, the Government Accounting Standards Board (GASB) Statement 68 requires state and local governmental entities to disclose their unfunded pension liabilities. The Authority participates in the pension plan sponsored by the State of New Jersey, which has a publicized, large unfunded liability. Although the Authority is not responsible for making pension payments to employees when they retire, GASB 68 dictates that the pro-rata share represented by Authority employees participating in PERS (Public Employee Retirement System) be reported in the audited financial statements to promote better financial clarity. Understandably, the net pension liability of \$1,130,661, shown within non-current liabilities, is a significant amount at December 31, 2015. Notes to the Financial Statements No. 2, 7 and 8 explain pension plan accounting in greater detail.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Authority's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

The statement of net position – Fiduciary Funds presents the assets and liabilities that the Authority has custodial responsibilities for under a lease agreement with the New Jersey Transit Corporation. Under this agreement the Authority operates and maintains public parking lots and the railroad station at Princeton Junction, New Jersey.

Financial Analysis of the Authority

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

Table 1 – Net Position - summarizes the changes in net position for the years ended December 31, 2015, 2014 and 2013:

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1

Condensed Summary of Net Position

	Years Ended December 31,				
	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>%</u>	<u>2013</u>
<b>Assets:</b>					
Current Unrestricted Assets	1,584,013	2,465,902	(881,889)	-35.8%	3,308,016
Restricted Assets	450,260	350,499	99,761	28.5%	401,273
Capital Assets (Net of Depreciation)	7,436,191	6,942,848	493,343	7.1%	6,930,285
Deferred Outflow of Resources – Pension	<u>198,611</u>	<u>54,120</u>	<u>144,491</u>	<u>267.0%</u>	<u>-</u>
<b>Total Assets</b>	<u><u>9,669,075</u></u>	<u><u>9,813,369</u></u>	<u><u>(144,294)</u></u> <sup>✓</sup>	<u><u>-1.5%</u></u>	<u><u>10,639,574</u></u>
<b>Liabilities:</b>					
Current Liabilities	494,340	675,730	(181,390)	-26.8%	1,493,441
Non-Current Liabilities	4,831,531	4,929,274	(97,743)	-2.0%	4,932,561
Net Pension Liability	<u>1,130,661</u>	<u>908,423</u>	<u>222,238</u>	<u>24.5%</u>	<u>-</u>
<b>Total Liabilities</b>	<u>6,456,532</u>	<u>6,513,427</u>	<u>(56,895)</u> <sup>✓</sup>	<u>-0.9%</u>	<u>6,426,002</u>
<b>Deferred Inflows of Resources:</b>					
Pension Related	<u>18,179</u>	<u>54,137</u>	<u>(35,958)</u>	<u>-66.4%</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>18,179</u>	<u>54,137</u>	<u>(35,958)</u> <sup>✓</sup>	<u>-66.4%</u>	<u>-</u>
<b>Invested in Capital Fixed Assets</b>	<u>2,556,703</u>	<u>2,057,490</u>	<u>499,213</u>	<u>24.3%</u>	<u>2,039,056</u>
<b>Restricted For:</b>					
Renewal and Replacement	245,485	234,635	10,850	4.6%	223,785
Future Debt Service	38,579	-	38,579	0.0%	-
Unrestricted	1,303,826	1,862,120	(558,294)	-30.0%	1,950,731
Unrestricted-Pension Related	<u>(950,229)</u>	<u>(908,440)</u>	<u>(41,789)</u>	<u>4.6%</u>	<u>-</u>
<b>Total Net Position</b>	<u><u>3,194,364</u></u>	<u><u>3,245,805</u></u>	<u><u>(51,441)</u></u> <sup>✓</sup>	<u><u>-1.6%</u></u>	<u><u>4,213,572</u></u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u><u>9,669,075</u></u>	<u><u>9,813,369</u></u>	<u><u>(144,294)</u></u> <sup>✓</sup>	<u><u>-1.5%</u></u>	<u><u>10,639,574</u></u>

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1

Financial Analysis of the Authority (continued)

Condensed Summary of Net Position (continued)

As previously noted, net position may over time serve as a useful measure of an entity's financial position. In the Authority's case, assets exceeded liabilities by \$3,194,364 at December 31, 2015.

A portion of the Authority's net position (\$2,556,703 or 80% at December 31, 2015) is reflected in its investment in capital assets, as shown on Table 1. These assets are used by the Authority to provide public parking facilities and thus are not available for future spending.

Net position decreased by \$144,294 and unrestricted net position decreased \$558,294 in 2015. The decrease in net position resulted from an operating loss as well as the change in the Net Pension Liability. The decrease in unrestricted net position resulted from its use in acquiring capital assets, the construction of a new parking lot and other capital assets.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Authority (continued)

Table 2 – Operating Activities - summarizes the changes in revenues, expenses and net position for the fiscal years December 31, 2015, 2014 and 2013.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

	Years Ended December 31,				
	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>%</u>	<u>2013</u>
Revenues					
Operating Revenues:					
User Charges	1,312,141	1,209,716	102,425	8.5%	994,693
Other	-	-	-	0.0%	8,038
Total Operating Revenues	<u>1,312,141</u>	<u>1,209,716</u>	<u>102,425</u>	<u>8.5%</u>	<u>1,002,731</u>
Expenses					
Operating Expenses:					
Cost of Providing Services	561,253	535,304	25,949	4.8%	319,154
General and Administrative	336,864	334,934	1,930	0.6%	314,306
Depreciation	<u>257,060</u>	<u>232,468</u>	<u>24,592</u>	<u>10.6%</u>	<u>69,329</u>
Total Operating Expenses	<u>1,155,177</u>	<u>1,102,706</u>	<u>52,471</u>	<u>4.8%</u>	<u>702,789</u>
Operating Income	156,964	107,010	49,954	46.7%	299,942
Non-Operating Revenues (Expenses)	<u>(208,405)</u>	<u>(166,337)</u>	<u>(42,068)</u>	<u>25.3%</u>	<u>(89,152)</u>
Change in Net Position	<u>(51,441)</u>	<u>(59,327)</u>	<u>7,886</u>	<u>-13.3%</u>	<u>210,790</u>
Net Position – Beginning of Year	3,245,805	4,213,572	(967,767)	-23.0%	4,002,782
Restatement to include net pension liability		<u>(908,440)</u>			
Net Position – Beginning of Year – Restated		<u>3,305,132</u>			
Net Position – End of Year	<u>3,194,364</u>	<u>3,245,805</u>	<u>(51,441)</u>	<u>-1.6%</u>	<u>4,213,572</u>



PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Authority (continued)

Condensed Summary of Operating Activities (continued)

The summary of revenues, expenses, and changes in net position provides information as to the nature and source of changes in financial position. Table 2 shows that total operating revenues in 2015 increased by \$102,425, from increased user charges. Total operating expenses increased by \$52,471. The largest increases in operating expenses were in lot maintenance including snow removal and depreciation expense. These items included \$34,357 (65.9%) of the total increase in expenses in 2015.

Capital Assets

Table 3 summarizes the changes in capital assets at December 31, 2015, 2014 and 2013.

Table 3

Capital Assets - Net of Depreciation

	Years Ended December 31,		Increase/ (Decrease)	
	<u>2015</u>	<u>2014</u>		<u>2013</u>
Land, Land Rights and Improvements	\$ 330,075	\$ 330,075	\$ -	\$ 330,075
Buildings	67,021	60,709	6,312	24,778
Parking Lots	8,738,816	8,134,544	604,272	1,671,065
Vehicle	120,453	73,035	47,418	73,035
Equipment	284,027	205,232	78,795	141,018
Construction in Progress	<u>76,952</u>	<u>63,347</u>	<u>13,605</u>	<u>6,381,940</u>
	9,617,344	8,866,942	750,402	8,621,911
Less: Accumulated Depreciation	<u>2,181,153</u>	<u>1,924,093</u>	<u>257,060</u>	<u>1,691,626</u>
Total Capital Assets, Net of Depreciation	<u>\$7,436,191</u>	<u>\$6,942,849</u>	<u>\$493,342</u>	<u>\$6,930,285</u>

The Authority's investment in capital assets increased by \$750,402 for the year.

Debt Outstanding

The Authority's long-term debt was \$4,720,000 at December 31, 2015 and 2014. Interest on these bonds is paid semi-annually with interest rates ranging from 3-4%. Principal payments on the outstanding debt are due annually with final maturity on March 1, 2043. Additional information on the Authority's long-term debt can be found in Note 6 in the financial statements.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Next Year's Budget and User Rates

The Authority adopted an \$886,550 operating and maintenance budget for 2016, an increase of \$42,440 (5.0%) when compared to 2015.

The Authority's user rates for parking permits and daily charges were increased on February 1, 2011 and are expected to remain unchanged in 2016.

The Authority adopted a capital program with their 2016 budget. The capital program includes future projects totaling \$605,000 and anticipates the use of \$605,000 in unrestricted net position to provide funding for those projects.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any question about this report or need any additional information, contact the Authority in writing at P.O. Box 58, Princeton Junction, New Jersey 08550 or by telephone at 609-799-3130.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF NET POSITION  
DECEMBER 31, 2015 AND 2014

	2015	2014
<u>ASSETS</u>		
Unrestricted Current Assets:		
Cash and Cash Equivalents	\$ 1,287,935.08	\$ 2,435,768.03
Miscellaneous Receivable	291,660.86	-
Prepaid Expenses	-	25,716.81
Rent Security	4,417.33	4,417.33
<u>Total Unrestricted Assets</u>	<u>\$ 1,584,013.27</u>	<u>\$ 2,465,902.17</u>
Restricted Assets:		
Cash and Cash Equivalents	\$ 450,259.45	\$ 350,498.69
<u>Total Restricted Assets</u>	<u>\$ 450,259.45</u>	<u>\$ 350,498.69</u>
Capital Assets:		
Land	\$ 330,074.61	\$ 330,074.61
Buildings	67,021.57	60,709.42
Vehicles	120,453.25	73,034.50
Equipment	284,026.77	205,231.77
Parking Lots	8,738,816.42	8,134,543.79
Construction in Progress	76,951.80	63,347.69
	<u>\$ 9,617,344.42</u>	<u>\$ 8,866,941.78</u>
Less: Accumulated Depreciation	<u>\$ 2,181,153.05</u>	<u>\$ 1,924,093.23</u>
<u>Capital Assets, Net</u>	<u>\$ 7,436,191.37</u>	<u>\$ 6,942,848.55</u>
Deferred Outflows of Resources:		
Pension Related	\$ 198,611.00	\$ 54,120.00
<u>Total Deferred Outflows of Resources</u>	<u>\$ 198,611.00</u>	<u>\$ 54,120.00</u>
<u>TOTAL ASSETS</u>	<u>\$ 9,669,075.09</u>	<u>\$ 9,813,369.41</u>

The accompanying Notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF NET POSITION  
DECEMBER 31, 2015 AND 2014

	2015	2014
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 14,614.32	\$ 22,749.22
Accounts Payable - Construction	-	71,703.92
Prepaid Parking Fees	255,000.00	246,940.00
Due to Fiduciary Fund	63,467.50	250,002.46
<u>Total Current Liabilities Payable from Unrestricted Assets</u>	\$ 333,081.82	\$ 591,395.60
Current Liabilities Payable from Restricted Assets:		
Revenue Bonds Payable	\$ 100,000.00	\$ -
Accounts Payable - Construction	-	22,735.37
Accrued Interest Payable on Revenue Bonds	61,258.66	61,599.02
<u>Total Current Liabilities Payable from Restricted Assets</u>	\$ 161,258.66	\$ 84,334.39
<u>Total Current Liabilities</u>	\$ 494,340.48	\$ 675,729.99
Long-Term Liabilities:		
Compensated Absences Payable	\$ 52,042.45	\$ 43,915.90
Long-Term Portion of Revenue Bonds Payable	4,620,000.00	4,720,000.00
Premium on Sale of Bonds	159,488.15	165,358.91
Net Pension Liability	1,130,661.00	908,423.00
<u>Total Long-Term Liabilities</u>	\$ 5,962,191.60	\$ 5,837,697.81
<u>Total Liabilities</u>	\$ 6,456,532.08	\$ 6,513,427.80
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Related	\$ 18,179.00	\$ 54,137.00
<u>Total Deferred Inflows of Resources</u>	\$ 18,179.00	\$ 54,137.00
Net Position:		
Net Investment in Capital Assets	\$ 2,556,703.22	\$ 2,057,489.64
Restricted- Renewal and Replacement	245,485.00	234,635.00
Restricted, Future Debt Services	38,578.69	-
Unrestricted	353,597.10	953,679.97
<u>Total Net Position</u>	\$ 3,194,364.01	\$ 3,245,804.61
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	\$ 9,669,075.09	\$ 9,813,369.41

The accompanying Notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
User Charges	\$ 1,312,141.24	\$ 1,209,716.36
Other Income	-	-
<u>Total Operating Revenues:</u>	<u>\$ 1,312,141.24</u>	<u>\$ 1,209,716.36</u>
Operating Expenses:		
Cost of Providing Services	\$ 561,253.67	\$ 535,304.10
Administrative and General Expenses	336,863.85	334,934.22
Depreciation	257,059.82	232,467.78
<u>Total Operating Expenses</u>	<u>\$ 1,155,177.34</u>	<u>\$ 1,102,706.10</u>
<u>Operating Income</u>	<u>\$ 156,963.90</u>	<u>\$ 107,010.26</u>
Non-Operating Revenues (Expenses):		
Interest Income	\$ 9,948.36	\$ 10,565.95
Interest Expense	(176,563.86)	(176,904.24)
Other	(41,789.00)	-
<u>Total Non-Operating Revenues (Net)</u>	<u>\$ (208,404.50)</u>	<u>\$ (166,338.29)</u>
<u>Net Income (Loss)</u>	<u>\$ (51,440.60)</u>	<u>\$ (59,328.03)</u>
Net Position, Beginning of Year - As Originally Reported	\$ 3,245,804.61	\$ 4,213,572.64
Restatement to Include Net Pension Liability		<u>(908,440.00)</u>
Net Position, Beginning of Year - Restated		<u>3,305,132.64</u>
Net Position, End of Year	<u>\$ 3,194,364.01</u>	<u>\$ 3,245,804.61</u>

The accompanying Notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Cash Flows from Operating Activities:</u>		
Receipts from Customers	\$ 1,320,201.24	\$ 1,204,971.36
Payment to Suppliers and Employees	1,445,044.17	1,066,456.80
Net Cash (Used for,) Provided by Operating Activities	\$ <u>(124,842.93)</u>	\$ <u>138,514.56</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Interest Paid on Debt	\$ (182,774.98)	\$ (176,904.24)
Acquisition of Capital Assets	(750,402.64)	(838,315.97)
Net Cash Used for Capital and Related Financing Activities	\$ <u>(933,177.62)</u>	\$ <u>(1,015,220.21)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest Income	\$ 9,948.36	\$ 10,565.95
Net Cash Provided by Investing Activities	\$ <u>9,948.36</u>	\$ <u>10,565.95</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,048,072.19)	\$ (866,139.70)
Cash and Cash Equivalents, Beginning of Year	<u>2,786,266.72</u>	<u>3,652,406.42</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>1,738,194.53</u></u>	\$ <u><u>2,786,266.72</u></u>
Reconciliation of Operating Income to Net Assets Provided by Operating Activities:		
Operating Income	\$ 156,963.90	\$ 107,010.26
Adjustments to Reconcile Operating Income to Net Assets Provided (Used by) Operating Activities:		
Depreciation	257,059.82	232,467.78
Increase/(Decreased) in Prepaid Parking Fees	8,060.00	(4,745.00)
Decrease/(Increase) in Prepaid Expenses	25,716.81	(4,480.81)
Increase in Miscellaneous Receivables	(291,660.86)	-
(Decreased) in Accounts Payable	(102,574.19)	(48,930.48)
Increase in Compensated Absences Payable	8,126.55	2,584.86
(Decrease) in Due to Fiduciary Funds	(186,534.96)	(146,172.05)
(Increase) in Rent Security	-	780.00
Total Adjustments	\$ <u>(281,806.83)</u>	\$ <u>31,504.30</u>
Net Cash Provided by Operating Activities	\$ <u><u>(124,842.93)</u></u>	\$ <u><u>138,514.56</u></u>

The accompanying Notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of the Township of West Windsor)

STATEMENTS OF NET POSITION  
 FIDUCIARY FUNDS  
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1,695,251.15	\$ 1,242,629.72
Due from West Windsor Parking Authority	63,467.50	250,002.46
Prepaid Expenses	-	9,730.44
Rent Security	<u>4,370.17</u>	<u>6,503.50</u>
	<u>\$ 1,763,088.82</u>	<u>\$ 1,508,866.12</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 45,554.57	\$ 36,950.48
Prepaid Parking Fees	856,160.00	819,620.00
Compensated Absences Payable	72,206.23	60,610.36
Due to New Jersey Transit Corporation - Surplus Revenues	<u>789,168.02</u>	<u>591,685.28</u>
	<u>\$ 1,763,088.82</u>	<u>\$ 1,508,866.12</u>

The accompanying notes are an integral part of these financial statements.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(1) DESCRIPTION OF ENTITY

The Parking Authority of the Township of West Windsor was created by virtue of an ordinance adopted on October 11, 1971, by the governing body of the Township of West Windsor. The Authority operates under the provisions of the Parking Authority Law, constituting Chapter 11A of the Revised Statutes of the State of New Jersey. The Authority has entered into an agreement with the Township of West Windsor, obligating the Township to guarantee the Authority's debt service, to the extent not met by other sources.

On December 18, 1987, the Parking Authority entered into a lease agreement with the New Jersey Transit Corporation to operate and maintain certain parcels of the Princeton Junction Train Station, primarily its adjacent Alexander Road parking lot. In addition to this report, the Authority submits a separate report annually to the New Jersey Transit Corporation which reflects only the financial activity of the Princeton Junction Train Station as required by the lease agreement.

The Governmental Accounting Standards requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and either the primary government is able to impose its will on the organization; or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

The Parking Authority of the Township of West Windsor is a component unit of the primary government, the Township of West Windsor. The board of the Parking Authority of the Township of West Windsor is appointed by the Township Council of the Township of West Windsor and under the agreement entered into by the Authority and the Township of West Windsor, the Township will provide for deficits resulting from failure or disability of the Authority to derive adequate revenues from operating the system.



PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As permitted by accounting principles generally accepted in the United States of America, the Authority has elected to apply only Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989.

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 enterprises 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 applied by the Authority is determined by its measurement focus. The financial statements are reported using the economic measurement focus and the accrual basis of accounting. 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 Statement of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) are segregated into investment in capital assets, restricted and unrestricted components.

The activities under the lease agreement with the New Jersey Transit Corporation are accounted for in a fiduciary fund (Agency Fund) and are not included in the Statement of Net Position (Exhibit A). Agency funds account for assets held by the Authority in a custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operation.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

The Authority implemented GASB 68 in the Year 2015. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The Authority has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

The Authority has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, Authorities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Assets (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Liabilities area of the balance sheet.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Authority has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify in this category: credits on debt refundings, deferred amounts related to pension, and deferred bond premium.

Cash Equivalents and Deposits

Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit and investments with a maturity of three months or less.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets represent cash, investments and receivables maintained in accordance with bond resolutions, loan agreements and other resolutions and formal actions of the Authority or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the parking facilities.

Grants and Contributions

Contributions received are recorded in the period received. Developer financed construction is recorded in the period in which applicable costs are incurred. Donated assets are recorded at fair market value at time of the contribution.

Capital Assets

Property, plant and equipment constructed or purchased by the Authority as part of its parking facilities are recorded at cost. Other minor equipment purchases and the cost of repairs and maintenance are expensed as incurred.

Depreciation is determined on a straight-line basis and is provided over the following useful life:

Building	15-40 Years
Parking Lot	10-40 Years
Vehicles	10 Years
Equipment	7 Years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets

Budgets, which are required by state statute, are adopted in accordance with regulations promulgated by the Department of Community Affairs (DCA). An annual appropriated budget is adopted for the operations of the Authority, subject to approval by the DCA. A capital program adopted by the Authority is management's six year plan for financing the estimated cost of addition or replacement of major fixed assets used in the Authority's operation.

Net Position

Equity is classified as net position and displayed in three components:

- 1) Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted - when constraints placed on net position are either a) externally imposed by creditors (such as the bond resolution), grantors, or laws or regulations of other governments or b) imposed by law.

Presently, the Authority has one (2) items of restricted net position which is required by the bond resolution. These restrictions are for renewals and replacements and future debt service.

- 3) Unrestricted - any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences Payable

The Authority allows employees (including part-time) to earn vacation time based on the employee's length of service and time worked during the preceding year. Vacation time may be carried forward and paid at termination of the employee.

Unused sick leave may be carried forward into subsequent calendar years. Upon retirement, accumulated sick leave may be converted to a cash payment at a rate of not more than 50% of the employee's current hourly salary up to a maximum of six (6) months time. Employees hired after July 8, 2003 will be capped at a maximum of \$10,000.00. If the employee leaves for other than retirement, unused sick pay is forfeited.

It is estimated that the cost of unpaid vacation time and sick time as of December 31, 2015 and 2014 was \$52,042.45 and \$43,915.90 respectively; these amounts are reflected as an expenditure and liability in the financial statements.

Income Taxes

No provision for income taxes has been made, as the Authority is exempt from Federal and State income taxes.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. All other investments are stated at fair value.

Deposits

New Jersey statutes require that authorities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Authorities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal five percent of the average daily balance of public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.



PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

N.J.S.A. 40A:5-15.1 provides that public funds may be invested in the following types of securities when authorized by resolution adopted by a majority vote of all its members:

- a. Bonds or other obligations of the United States of America or obligation guaranteed by the United States of America, including securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the "Investment Company Act of 1940", 54 Stat. 847 (16 U.S.C. 80a-1 et seq.), purchase and redeemed only through the use of National or State banks located within this State, if the portfolio of that investment company or investment trust is limited to bonds or other obligations of the United States of America, bonds or other obligations guaranteed by the United States of America and repurchase agreements fully collateralized by bonds or other obligations guaranteed by the United States of America, which collateral shall be delivered to or held by the investment company or investment trust, either directly or through an authorized custodian;
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal Land Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than 12 months from the date of purchase.
- c. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part of within which the school district is located;
- d. Bonds or other obligations, having a maturity date not more than 12 months from the date of purchase, approved by the Division of Investment of the Department of the Department of Treasury for investment by local units.

N.J.S.A. 52:18A-90.4 provides that the Director of the Division of Investment may, subject to the approval of the State Investments Council and the State Treasurer, establish, maintain and operate a common trust fund to be known as the State of New Jersey Cash Management Fund in which may be deposited the surplus public moneys of the state, its counties, municipalities and school districts and the agencies or authorities created by any of these entities. This fund shall be considered a legal depositor for public moneys.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Authority does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2015 and 2014, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balances was exposed to custodial credit risk.

Based upon the limitation set forth by New Jersey Statutes and existing investment practices, the Authority is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

As of December 31, 2015 and 2014, the Authority's deposits and investments are summarized as follows:

	<u>2015</u>	<u>2014</u>
Reconciliation to Statement of Net Position (Exhibit A):		
Unrestricted:		
Cash and Cash Equivalents	\$1,287,935.08	\$2,435,768.03
Restricted Cash and Cash Equivalents	450,259.45	350,498.69
Agency Fund Cash and Cash Equivalents (Not Included in Exhibit A)	<u>1,695,251.15</u>	<u>1,230,029.72</u>
	<u>\$3,433,445.68</u>	<u>\$4,016,296.44</u>

As of December 31, 2015, the Authority's investments are summarized as follows:

	<u>Carrying Amount</u>	<u>Value</u>	<u>Market Equivalent</u>	<u>Cash Investment</u>
Provident Bank NJ Restricted Investment Funds Account	<u>\$210,313.54</u>	<u>\$210,313.54</u>	<u>\$ - 0 -</u>	<u>\$210,313.54</u>

As of December 31, 2014, the Authority's investments are summarized as follows:

	<u>Carrying Amount</u>	<u>Value</u>	<u>Market Equivalent</u>	<u>Cash Investment</u>
Provident Bank NJ Restricted Investment Funds Account	<u>\$660,910.22</u>	<u>\$660,910.22</u>	<u>\$ - 0 -</u>	<u>\$660,910.22</u>

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(4) RESTRICTED ACCOUNTS

In accordance with the 1994 bond resolution, the Authority has established the following accounts for the deposit, in the priority of the order listed, of all revenues received by the Authority:

<u>ACCOUNT</u>	<u>AMOUNT</u>	<u>USE FOR WHICH RESTRICTED</u>
Revenue Authority	All revenues received, as of the first day of each month, transfers to the various accounts described below.	Authorized operating Expenses.
Bond Service	Amount needed to equal the Bond Service Requirement as of the end of any particular month.	Principal and interest on bonds.
Renewal and Replacement	Amount needed to increase the balance to equal the Project Reserve Requirements as defined by the Resolution.	Transfers to meet major repairs, renewals and replacements. Excess may be transferred to the General Fund.
General Fund	To the extent of excess funds after prior fund transfers and other lawful purposes.	Transfers to meet minimum levels required in the Bond Service Fund.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(5) PROPERTY, PLANT AND EQUIPMENT

Activity in the fixed assets for the Authority for the year ended December 31, 2015 was as follows:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Land	\$ 330,074.61	\$ - 0 -	\$ 330,074.61
Building	60,709.42	6,312.15	67,021.57
Parking Lots	8,134,543.79	604,272.63	8,738,816.42
Vehicle	73,034.50	47,418.75	120,453.25
Equipment	205,231.77	78,795.00	284,026.77
Construction in Progress	<u>63,347.69</u>	<u>13,604.11</u>	<u>76,951.80</u>
	8,866,941.78	750,402.64	9,617,344.42
Less: Accumulated Depreciation	<u>(1,924,093.23)</u>	<u>(257,059.82)</u>	<u>(2,181,153.05)</u>
Net Property, Plant and Equipment	<u>\$ 6,942,848.55</u>	<u>\$ 493,342.82</u>	<u>\$ 7,436,191.37</u>

(6) LONG-TERM DEBT

Series 2012 Parking Revenue Bonds – Authorized and issued \$4,720,000 dated April 17, 2012 issued to provide funds for (i) the cost of construction of a new parking facility on Alexander Road; (ii) capitalized interest on the bonds; and (iii) the expenses incurred in connection with the issuance and delivery of the bonds. These bonds are due in annual installments each March 1, 2016 through 2043. Interest is due each March 1 and December 1, beginning December 1, 2012 at rates of 3.00% to 4.00%. The bonds are subject to redemption at the Authority's option on any principal payment date on or after March 1, 2022, at the redemption price of 100% of the principal amount of the bonds to be redeemed, plus accrued interest thereon, if any, to the date fixed for redemption.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

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(6) LONG-TERM DEBT (CONTINUED)

A summary of maximum annual Debt Service for principal and interest payments on bonded debt issued and outstanding as of December 31, 2015 is provided below:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
December 31, 2016	\$ 100,000.00	\$ 181,275.00	\$ 281,275.00
December 31, 2017	100,000.00	178,275.00	278,275.00
December 31, 2018	105,000.00	175,200.00	280,200.00
December 31, 2019	110,000.00	171,975.00	281,975.00
December 31, 2020	110,000.00	168,125.00	278,125.00
December 31, 2021-25	625,000.00	773,762.50	1,398,762.50
December 31, 2026-30	755,000.00	640,900.00	1,395,900.00
December 31, 2031-35	920,000.00	474,000.00	1,394,000.00
December 31, 2036-40	1,115,000.00	270,900.00	1,385,900.00
December 31, 2041-43	780,000.00	47,600.00	827,600.00
	<u>\$4,720,000.00</u>	<u>\$3,082,012.50</u>	<u>\$7,802,012.50</u>

During the year ended December 31, 2015, the following changes occurred in bonds payable:

	<u>Balance</u> <u>Jan. 1, 2015</u>	<u>Issued</u> <u>2015</u>	<u>Retired</u> <u>2015</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Series 2012	<u>\$4,720,000.00</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$4,720,000.00</u>
Total Bonds	<u>\$4,720,000.00</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$4,720,000.00</u>

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(7) PENSION PLAN

All required full-time employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or online at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials and part-time employees, effective July 1, 2007. Part-time employees that earn an annual salary of at least \$5,000 and work less than 35 hours per week are eligible to enroll in the New Jersey Defined Contribution Plan (DCRP). The DCRP is offered through the Prudential Retirement Insurance and Annuity Company. Employees contribute 5.5% of salary and the Authority contributes 3% of salary, for a total contribution of 8.5%. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the PERS system.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

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NOTES TO FINANCIAL STATEMENTS

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(7) PENSION PLAN (CONTINUED)

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS was changed. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30-year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30-year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20-year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements

The contribution policy is set by N.J.S.A. 43:15A, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for PERS.

Employers are required to contribute at an actuarially determined rate for PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(7) PENSION PLAN (CONTINUED)

Contribution Requirements:

Three Year Trend Information for PERS

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2015	\$43,303	100%	\$43,303
2014	39,999	100%	39,999
2013	35,366	100%	35,366

DCRP Contributions

The Authority did not make DCRP contributions for the years ended December 31, 2015 and 2014.

*Do they have DCRP contrib?  
If so, need longer note.*

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At December 31, 2015, the Authority reported a liability of \$1,130,661 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 local units, actuarially determined. At June 30, 2015, the Authority's proportion was 0.0050368033 percent, which was an increase of 0.0001848261 percent from its proportion measured as of June 30, 2014.



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(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68  
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2015, the Authority recognized pension expense of \$85,088. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Changes of assumptions		\$121,424
Net difference between expected and actual experience		26,974
Net difference between projected and actual earnings on pension plan investments	\$18,179	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	<u>--</u>	<u>50,213</u>
	<u>\$18,179</u>	<u>\$198,611</u>

The \$198,611 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the period ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2016	\$42,479
2017	42,479
2018	42,479
2019	42,481
2020	28,693

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DECEMBER 31, 2015 AND 2014

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68  
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability	22,447,996,119	18,722,735,003
Authority's Proportion	0.0050368033 %	0.0048519772 %

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. These actuarial valuations used the following assumptions, applied to all periods in the measurement.

	<u>6/30/2015</u>	<u>6/30/2014</u>
Inflation	3.04 Percent	3.01 Percent
Salary Increases (based on age):		
2012-2021	2.15-4.40 Percent	2.15-4.40 Percent
Thereafter	3.15-5.40 Percent	3.15-5.40 Percent
Investment Rate of Return	7.90 Percent	7.90 Percent

The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more that the experience deviates, the larger the impact on future financial statements.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68  
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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DECEMBER 31, 2015 AND 2014

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68  
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term 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, 2015 and 2014 are summarized in the following table:

	<u>6/30/2015</u>		<u>6/30/2014</u>	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%	6.00%	0.80%
Core Bond			1.00%	2.49%
Intermediate Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad U.S. Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Markets	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Returns	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		
	<u>100.00%</u>		<u>100.00%</u>	

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(8) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68  
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, 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 average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2015 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:

	1% Decrease <u>3.90%</u>	June 30, 2015 At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Authority's proportionate share of the pension liability	\$1,405,274	\$1,130,661	\$900,428

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

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(9) POST-RETIREMENT HEALTH BENEFITS

The Authority provides post-retirement health benefits to employees who retire with 25 years or more of service within the system. Employees with ten (10) or more years of service may also qualify for benefits under the Disability Retirement Provisions of the Plan. There are currently no retirees who meet this requirement and receiving benefits. In addition, there is one (1) current employee who is eligible upon retirement.

Plan Description

The Authority contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State 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. 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. 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 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 <http://www.state.nj.us/treasury/pensions>.

Funding Policy

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Authority on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Authority's contributions to SHBP for the years ended December 31, 2015 and 2014 were \$23,591 and \$23,502, respectively, which equaled the required contributions for each year.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(10) NET POSITION

The components of net position are as follows:

	<u>December 31,</u> <u>2015</u>	<u>2014</u>
Net Position:		
Invested in Capital Assets, net of related liabilities	\$2,556,703	\$ 2,057,490
Restricted:		
Renewal and Replacement Fund	245,485	234,635
Future Debt Service Fund	<u>38,579</u>	<u>--</u>
Total Restricted	<u>\$ 284,064</u>	<u>\$ 234,635</u>
Unrestricted:		
Unappropriated	1,303,826	1,862,120
Net Pension Liability	<u>(950,229)</u>	<u>(908,440)</u>
Total Unrestricted	<u>\$ 353,597</u>	<u>\$ 953,680</u>
Total Net Position	<u>\$ 3,194,364</u>	<u>\$ 3,245,805</u>

(11) LEASE

On December 18, 1987, the Parking Authority of the Township of West Windsor entered into a lease agreement with the New Jersey Transit Corporation for a term of five years. The Parking Authority of the Township of West Windsor and New Jersey Transit Corporation have agreed to extend the lease until December 31, 2002, to operate the railroad station and certain parking lots at the Princeton Junction Train Station, primarily its adjacent Alexander Road parking lot. A new lease extension, for periods after December 31, 2002 is currently being negotiated. The Parking Authority of the Township of West Windsor assumed responsibility for maintenance, graffiti removal, minor repairs, security, insurance, utilities, taxes, snow and ice control, parking fee collections, issuance of permits and administration of subleases.

In accordance with the lease agreement, shared costs have been allocated 74% to the New Jersey Transit Corporation and 26% to the Parking Authority of the Township of West Windsor for the years ending December 31, 2015 and 2014.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(11) LEASE (CONTINUED)

The lease agreement provides for annual minimum rental payments of \$1,200,000.00 and the right to increase the annual minimum rental based upon the previous year's total payment to the New Jersey Transit Corporation. Any such increase in the annual minimum rental shall not affect the Parking Authority of the Township of West Windsor's right to operate without a deficit. In addition to the annual minimum rental payments, the Parking Authority of the Township of West Windsor shall pay to the New Jersey Transit Corporation on an annual basis all excess revenues above those required to cover the approved budget.

(12) OTHER LEASES

The Authority rents office space at West Windsor Park. The rental lease is for a term of four years beginning August 1, 2005, ending July 31, 2009. The lease agreement was amended on July 31, 2009 extending the term of the lease through July 31, 2013. A lease amendment dated February 5, 2014 provides for an extension of the original lease creating a new term beginning August 1, 2013 and ending December 31, 2014. The lease provides that the tenant reserves the right to terminate the lease agreement effective no sooner than June 30, 2014 by providing to the landlord sixty (60) days advance written notice to vacate the premises.

The lease agreement provides for monthly base rent ranging from \$2,431.25 for the period August 1, 2009 to July 31, 2012 increasing to \$2,769.25 per month for the period August 1, 2013 through December 31, 2014.

The base agreement also provides for additional rent payments per month for common area usage, electric reimbursement, insurance and real estate taxes.

This lease was terminated June 30, 2014.

The Authority entered into a lease agreement dated October 3, 2013 for office space at Windsor Plaza, Store #24 at 64 Princeton-Hightstown Road, West Windsor, New Jersey. The lease is for a term of five (5) years with the tenant having three (3) options to extend the term, each for five (5) years. The lease commencement date will start upon receipt of building permits for tenant's fit out. Tenant's obligation to pay base rent will commence upon delivery and possession of space with landlord work complete and tenant fit out complete. This occurred on June 4, 2014.



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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(12) OTHER LEASES (CONTINUED)

The base rent for the first year is \$36,270.00. On the anniversary of the rental commencement date of each year after year 1, base rent shall be increased by 3%. The lease also provides that the tenant will pay 3.297% of the real property taxes and common area maintenance, insurance and management fees starting upon receipt of building permits for tenant's fit out. The lease agreement provides for an additional payment of \$1,239.29 for the final five (5) years to cover the cost of the tenant fit out.

The future minimum rental payments for the base rent are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2016	\$ 52,883.44
2017	54,023.84
2018	55,198.40
2019	<u>23,205.75</u>
Total	<u>\$185,311.43</u>

The rent payments are a shared cost under the lease agreement with the New Jersey Transit Corporation and as such, are allocated 74% to the New Jersey Transit Corporation and 26% to the Authority.

(13) CONTRACT WITH TOWNSHIP OF WEST WINDSOR – LEASE AGREEMENT

The Authority and the Township of West Windsor entered into an agreement date January 30, 2012 in connection with the construction of the new parking facility on Alexander Road (for purposes of this agreement referred to as "Compost Site").

The Parking Authority and the Township have agreed to the following:

- a. If it is determined that remediation of certain properties is cost effective, allowing for the construction of a parking facility, the Township agrees to enter into a lease agreement with the Authority for a period of fifty (50) years for a consideration of \$1.00 per year.
- b. The Authority agrees to develop at its own cost a parking facility for approximately 650 vehicles for West Windsor residents, unless the parties agree to make the facility available for residents residing outside of West Windsor Township.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(13) CONTRACT WITH TOWNSHIP OF WEST WINDSOR – LEASE AGREEMENT  
(CONTINUED)

- c. The Township agrees to guarantee the bonds and/or notes necessary to finance the costs for the construction of the parking facility, in consideration for which, the Authority agrees that it will share the 10% "Net" revenues generated from the parking facility on the compost site, as well as other parking facilities owned by the Parking Authority which operates at the Princeton Junction/ West Windsor Train Station.
- d. The Parking Authority and the Township also agree to enter into a lease agreement whose term shall commence on January 31, 2012 and shall terminate on January 31, 2062 but may by mutual written agreement of both parties be extended. In consideration for this lease agreement the Parking Authority agrees to pay the Township the sum of \$50,000.00, for years 1 through 10 of the lease agreement, in addition to the 10% "Net" revenues generated from the parking facility on the Compost Site. Six months prior to the end of year ten (10) of the lease agreement, the parties shall re-negotiate the lease terms and annual payment due.

(14) AMOUNTS REQUIRED BY BOND RESOLUTION

The following cash and investment accounts are required by the May 1, 1994 bond resolution:

	<u>2015</u>	<u>2014</u>
Renewal and Replacement Account:		
Cash and Cash Equivalents and Other Assets	\$250,422.10	\$235,187.79
Renewal and Replacement Requirement	<u>245,485.00</u>	<u>234,635.00</u>
Excess	<u>\$ 4,937.10</u>	<u>\$ 552.99</u>
Bond Service Account:		
Cash on Hand, Cash Equivalents and Other Assets	\$199,837.35	\$ 92,575.53
Bond Service Requirement	<u>191,387.50</u>	<u>91,387.50</u>
Excess	<u>\$ 8,449.85</u>	<u>\$ 1,188.03</u>

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(15) RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There was no reduction in commercial coverage during the year.

The Authority has elected to provide unemployment insurance coverage through participation in the State of New Jersey Plan, under the contribution method. Under this method the Authority pays employee deductions and an employer's share at a rate set by the Department of Labor and Industry.

(16) RESTATEMENT

As stated in Note 11, in 2015, the Authority implemented GASB 68. As a result the Authority's Net Position at December 31, 2014 was restated as follows:

	<u>Governmental Activities</u>
Beginning Net Position 12/31/2014	\$ 4,213,573
Adjustments:	
Recognition of Net Pension Liability (Measurement Date)	<u>(908,440)</u>
Beginning Net Position 12/31/14 (as Restated)	\$ <u>3,305,133</u>

The Unrestricted Net Asset balance was restated to properly reflect the Authority's Net Position under GASB 68.

(17) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through June 2, 2016, which is the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(18) LITIGATION, CLAIMS, COMMITMENTS AND CONTINGENCIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2015, in the opinion of management based upon consultation with legal counsel, there were no matters pending or threatened which would have a material adverse effect on the financial position of the Authority.

## **SUPPLEMENTARY INFORMATION**

## SCHEDULE "1"

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of The Township of West Windsor)

SCHEDULE OF REVENUES AND APPROPRIATIONS  
COMPARED TO BUDGET - YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE ACTUAL TOTAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2014

	2015 <u>Budget</u>	2015 <u>Actual</u>	2014 <u>Actual</u>
Anticipated Revenues:			
Operating Revenues:			
User Charges	\$ 1,138,110.00	\$ 1,312,141.24	\$ 1,209,716.36
Other Income	-	-	-
Total Operating Revenues	<u>\$ 1,138,110.00</u>	<u>\$ 1,312,141.24</u>	<u>\$ 1,209,716.36</u>
Non-Operating Revenues:			
Interest Income	\$ 9,500.00	\$ 9,948.36	\$ 10,565.95
Total Non-Operating Revenues	<u>9,500.00</u>	<u>9,948.36</u>	<u>10,565.95</u>
Unreserved Retained Earnings	<u>828,331.00</u>	<u>896,000.00</u>	<u>1,232,579.00</u>
Total Revenues Including Unreserved Retained Earnings	<u>\$ 1,975,941.00</u>	<u>\$ 2,218,089.60</u>	<u>\$ 2,452,861.31</u>
Budget Appropriations:			
Cost of Providing Services:			
Enforcement Costs	\$ 27,000.00	\$ 25,931.69	\$ 25,931.69
Enforcement Salaries	151,500.00	144,997.97	137,917.21
Insurance	23,600.00	26,403.42	20,915.90
Lighting	23,200.00	19,327.46	18,613.79
Lot Maintenance	278,200.00	339,664.07	329,899.16
Trash Removal	5,300.00	4,929.06	2,026.35
Total Costs of Providing Services	<u>\$ 508,800.00</u>	<u>\$ 561,253.67</u>	<u>\$ 535,304.10</u>
Administrative and General Expenses:			
Office Salaries	\$ 54,300.00	\$ 55,894.23	\$ 53,286.36
Employee Benefits	65,000.00	47,716.90	46,315.28
Office Supplies and Expense	89,010.00	88,722.99	92,188.86
Professional Fees	63,500.00	74,577.88	73,744.33
Rent Expense	63,500.00	69,951.85	69,399.39
Total Administrative and General Expenses	<u>\$ 335,310.00</u>	<u>\$ 336,863.85</u>	<u>\$ 334,934.22</u>
Interest on Bonds	<u>\$ 182,775.00</u>	<u>\$ 176,563.86</u>	<u>\$ 176,904.24</u>
Other Costs Funded by Operating Revenues:			
Capital Outlay	\$ 896,000.00	\$ 750,402.64	\$ 182,036.43
Reserve for Renewal and Replacement	10,850.00	10,850.00	10,850.00
Contribution to Township of West Windsor	42,206.00	-	-
Total Costs Funded by Revenues	<u>\$ 1,975,941.00</u>	<u>\$ 1,835,934.02</u>	<u>\$ 1,240,028.99</u>
Add: Excess Revenues Over Expenditures	<u>-</u>	<u>382,155.58</u>	<u>1,212,832.32</u>
	<u>\$ 1,975,941.00</u>	<u>\$ 2,218,089.60</u>	<u>\$ 2,452,861.31</u>
Reconciliation to Net Income:			
Excess from Above - Budgetary Basis	\$	\$ 382,155.58	\$ 1,212,832.32
Adjustments to Budgetary Basis:			
Depreciation and Amortization Expense		(257,059.82)	(232,467.78)
Capital Outlay		750,402.64	182,036.43
Transfer to Renewal and Replacement		10,850.00	10,850.00
Retained Earnings Appropriated		(896,000.00)	(1,232,579.00)
(Decreased)/Increase in Net Position	<u>\$ -</u>	<u>\$ (9,651.60)</u>	<u>\$ (59,328.03)</u>

SCHEDULE "2"

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
(A Component Unit of The Township of West Windsor)

SCHEDULE OF REVENUE BONDS PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Date of Issue</u>	<u>Amount Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>
Parking Revenue Bonds- Series 2013	03/01/12	\$ 4,720,000.00	3.00-4.00%	3/1/2016-2017	\$ 100,000.00
				03/01/18	105,000.00
				3/1/2019-2020	110,000.00
				03/01/21	115,000.00
				03/01/22	120,000.00
				03/02/23	125,000.00
				03/01/24	130,000.00
				03/01/25	135,000.00
				03/01/26	140,000.00
				03/01/27	145,000.00
				03/01/28	150,000.00
				03/01/29	155,000.00
				03/01/30	165,000.00
				03/01/31	170,000.00
				03/01/32	175,000.00
				03/01/33	185,000.00
				03/01/34	190,000.00
				03/01/35	200,000.00
				03/01/36	205,000.00
				03/01/37	215,000.00
				03/01/38	225,000.00
				03/01/39	230,000.00
				03/01/40	240,000.00
				03/01/41	250,000.00
				03/01/42	260,000.00
				03/01/43	270,000.00
					<u>\$ 4,720,000.00</u>

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Authority's</u> <u>Proportion Share</u> <u>of the Net Pension</u> <u>Liability (Asset)</u>	<u>Authority's</u> <u>Proportionate</u> <u>Share of</u> <u>the Net Pension</u> <u>Liability (Asset)</u>	<u>Authority's</u> <u>Covered-Employee</u> <u>Payroll</u>	<u>Authority's</u> <u>Proportion Share</u> <u>of the Net Pension</u> <u>Liability (Asset)</u> as a percentage of it's Covered- Employee Payroll	<u>Plan Fiduciary</u> <u>Net Position</u> as a percentage of the total <u>Pension Liability</u>
2014	0.0048519772%	\$ 908,423	\$ 347,436.00	261.46%	40.71%
2015	0.0050368033%	1,130,661	357,872.00	315.94%	42.74%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.



PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TEN YEARS

Fiscal Year Ending <u>June 30,</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency ( <u>Excess</u> )	Authority's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$ 35,366	\$ 35,366	\$ -0-	347,436.00	10.18%
2015	39,999	39,999	-0-	357,872.00	11.18%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR  
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

NOTE TO RSI III  
FOR THE YEAR ENDED DECEMBER 31, 2015

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 5.39% to 4.90%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR  
(A COMPONENT UNIT OF THE TOWNSHIP OF WEST WINDSOR)

DECEMBER 31, 2015

GENERAL COMMENTS AND RECOMMENDATIONS

NONE