

Financial Report

of

The Parking Authority of the Township of West Windsor

For the Years Ended December 31, 2019 and 2018

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



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2019 and 2018, 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.

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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.

Opinion

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, 2019 and 2018, 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, during the year ended December 31, 2019, the Authority adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is 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, reporting for pensions in Schedule R-1 through R-3, and the schedule related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Schedule S-1 through S-3 are 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.

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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 December 1, 2020 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.

A handwritten signature in cursive script that reads "Suplee, Clooney & Company".

December 1, 2020



SUPLEE, CLOONEY & COMPANY

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**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, 2019, 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 December 1, 2020.

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.

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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.

A handwritten signature in cursive script that reads "Suplee, Clooney & Company".

December 1, 2020

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 and deferred outflows were \$10,780,501 and total liabilities and deferred inflows were \$7,817,858 resulting in total net position of \$2,962,643 at December 31, 2019. Net position at December 31, 2019 increased by \$448,624 compared to December 31, 2018. The increase is due to a rate increases that went into effect in 2019.

Operating income was \$475,179 for the year ended December 31, 2019. This is an increase of \$104,049 compared to the year ended December 31, 2018 operating income of \$371,130. User charges increased in 2019 by \$265,934.

Operating expenses increased by \$161,885 over December 31, 2019. The largest increases were in snow removal and lot and trail maintenance.

Total outstanding debt amounts to \$4,305,000 at December 31, 2019, consisting of 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.

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 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 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.

The Government Accounting Standards Board (GASS) Statement 68 required 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, GASS 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 \$706,009 and \$780,649 for the years ended December 31, 2019 and 2018, respectively, shown within long-term liabilities, are significant amounts. Notes to the Financial Statements No. 2, 7 and 8 explain pension plan accounting in greater detail.

The Government Accounting Standards Board (GASB) Statement 75 requires state and local governmental entities to disclose their unfunded OPEB (postretirement benefits other than pension) liabilities. The Authority participates in the state health benefits plan sponsored by the State of New Jersey, which has a publicized, large unfunded liability. Although the Authority is not responsible for making postretirement benefit payments to employees when they retire, GASB 75 dictates that the pro-rata share represented by Authority employees participating in SHBP (State Health Benefits Plan) be reported in the audited financial statements to promote better financial clarity. Understandably, the net OPEB liability of \$847,849 and \$907,724 for the years ended December 31, 2019 and 2018, respectively, shown within long-term liabilities, are significant amounts. Notes to the Financial Statements No. 2, 11 and 12 explain the OPEB 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.

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

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, 2019, 2018 and 2017:

Table 1

Condensed Summary of Net Position

	Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>Increase/ Decrease</u>	<u>%</u>	<u>2017</u>
Assets:					
Current Unrestricted Net Assets	\$ 3,494,196	\$ 3,775,154	\$ (280,958)	-7%	\$ 3,868,635
Restricted Assets	445,542	462,174	(16,632)	-4%	491,166
Capital Assets (Net of Depreciation)	6,600,865	6,748,077	(147,212)	-2%	6,961,237
Deferred Outflow of Resources - Pension	118,026	215,575	(97,549)	-45%	357,181
Deferred Outflow of Resources - OPEB	121,872	15,399	106,473	691%	177,915
Total Assets and Deferred Outflows	\$ 10,780,501	\$ 11,216,379	\$ (435,878)	-4%	\$ 11,856,134
Liabilities:					
Current Liabilities	\$ 825,583	\$ 1,553,580	\$ (727,997)	-47%	\$ 2,164,491
Non-Current Liabilities	4,376,071	4,473,079	(97,008)	-2%	4,578,822
Net Pension Liability	706,009	780,649	(74,640)	-10%	1,133,046
Net Pension OPEB	847,849	907,724	(59,875)	-7%	1,167,579
Total Liabilities	6,755,512	7,715,032	(959,520)	-12%	9,043,938
Deferred Inflows of Resources - Pension	432,123	474,718	(42,595)	-9%	287,099
Deferred Inflows of Resources - OPEB	630,223	512,610	117,613	23%	243,879
Total Deferred Inflows of Resources	1,062,346	987,328	75,018	8%	530,978
Net Position:					
Invested in Capital Assets	2,159,860	2,183,765	(23,905)	\$ (0)	2,293,490
Restricted for:					
Renewal and Replacement	318,847	312,643	6,204	2%	267,185
Future Debt Service	126,695	149,531	(22,836)	-15%	195,651
Unrestricted - Pension Related	(1,020,106)	(1,039,792)	19,686	-2%	(1,062,964)
Unrestricted - OPEB Related	(1,356,200)	(1,404,935)	48,735	-3%	(1,233,543)
Unrestricted	2,733,547	2,312,807	420,740	18%	1,821,399
Total Net Position	2,962,643	2,514,019	448,624	18%	2,281,218
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,780,501	\$ 11,216,379	\$ (435,878)	-4%	\$ 11,856,134

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 and deferred inflows by \$2,962,643 at December 31, 2019.

A portion of the Authority's net position (\$2,159,860 or 72.9% at December 31, 2019) is reflected in 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.

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)

Net position increased by \$435,878 in 2019 and increased by \$232,801 in 2018. The increase is due to a rate increases that went into effect in 2019.

Table 2 – Operating Activities – summarizes the changes in revenue, expenses and net position for the fiscal years December 31, 2019, 2018 and 2017.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

	Years Ended December 31,				
	<u>2019</u>	<u>2018</u>	<u>Increase/ Decrease</u>	<u>%</u>	<u>2017</u>
Revenues					
Operating Revenues:					
User Charges	\$ 1,552,176	\$ 1,286,242	\$ 265,934	21%	\$ 1,300,558
Total Operating Revenues	1,552,176	1,286,242	265,934	21%	1,300,558
Expenses					
Operating Expenses:					
Cost of Providing Services	505,437	363,711	141,726	39%	335,999
General and Administrative	349,615	329,106	20,509	6%	222,521
Depreciation	221,945	222,295	(350)	0%	223,041
Total operating expenses	1,076,997	915,112	161,885	18%	781,561
Operating Income	475,179	371,130	104,049	28%	518,997
Non-Operating Revenues (Expenses)	(26,555)	(138,329)	111,774	-81%	(306,109)
Change in net Position	448,624	232,801	215,823	93%	212,888
Net Position - Beginning of Year	2,514,019	2,281,218	232,801	10%	3,301,873
Restatement to Include Net Other Post Employment Benefit Liability			-	0%	(1,233,543)
Net Position, Beginning of Year - Restated			-	0%	2,068,330
Net Position - End of Year	\$ 2,962,643	\$ 2,514,019	\$ 448,624	18%	\$ 2,281,218

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 2019 increased by \$265,934 from a rate increase in user charges. Total operating expenses (excluding depreciation) increased by \$162,235. The largest increase in operating expenses was for snow removal and lot and trail maintenance.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

Table 3 summarizes the changes in capital assets at December 31, 2019, 2018 and 2017.

Table 3

	Years Ended December 31,			
	<u>2019</u>	<u>2018</u>	<u>Increase/ Decrease</u>	<u>2017</u>
Land, Land Rights and Improvements	\$ 330,075	\$ 330,075	\$ -	\$ 330,075
Buildings	65,662	65,662	-	65,662
Vehicles	114,129	61,045	53,084	87,029
Equipment	233,345	211,696	21,649	211,696
Parking Lots	8,508,466	8,508,466	-	8,508,466
Equipment	338,131	338,131	-	328,996
	9,589,808	9,515,075	74,733	9,531,924
Less: Accumulated Depreciation	2,988,943	2,766,998	221,945	2,570,687
 Total Capital Assets, Net of Depreciation	 6,600,865	 6,748,077	 \$ (147,212)	 \$6,961,237

The Authority's net investment in capital assets decreased by \$147,212 for the year.

Debt Outstanding

The Authority's outstanding debt was \$4,305,000 at December 31, 2019 and \$4,415,000 at December 31, 2018. Interest on these bonds is paid semi-annually with interest rates ranging from 3% to 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.

Request 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.

BASIC 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, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Unrestricted Current Assets:		
Cash and Cash Equivalents	\$ 3,487,079	\$ 3,768,037
Miscellaneous Receivable	2,700	2,700
Rent Security	4,417	4,417
<u>Total Unrestricted Current Assets</u>	<u>3,494,196</u>	<u>3,775,154</u>
Restricted Assets:		
Cash and Cash Equivalents	445,542	462,174
<u>Total Restricted Current Assets</u>	<u>445,542</u>	<u>462,174</u>
Capital Assets:		
Land	330,075	330,075
Buildings	65,662	65,662
Vehicles	114,129	61,045
Equipment	233,345	211,696
Parking Lots	8,508,466	8,508,466
Pedestrian Trail	338,131	338,131
	<u>9,589,808</u>	<u>9,515,075</u>
Less: Accumulated Depreciation	<u>2,988,943</u>	<u>2,766,998</u>
<u>Capital Assets, Net</u>	<u>6,600,865</u>	<u>6,748,077</u>
Deferred Outflows of Resources:		
Pension Related	118,026	215,575
OPEB Related	121,872	15,399
<u>Total Deferred Outflows of Resources</u>	<u>239,898</u>	<u>230,974</u>
<u>TOTAL ASSETS</u>	<u>\$ 10,780,501</u>	<u>\$ 11,216,379</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 45,897	\$ 39,473
Prepaid Parking Fees	423,209	417,090
Due to Fiduciary Fund	189,702	921,706
<u>Total Current Liabilities Payable from Unrestricted Assets</u>	<u>658,808</u>	<u>1,378,269</u>
Current Liabilities Payable from Restricted Assets:		
Accounts Payable		7,436
Revenue Bonds Payable	110,000	110,000
Accrued Interest Payable on Revenue Bonds	56,775	57,875
<u>Total Current Liabilities Payable from Restricted Assets</u>	<u>166,775</u>	<u>175,311</u>
<u>Total Current Liabilities</u>	<u>825,583</u>	<u>1,553,580</u>
Long-Term Liabilities:		
Compensated Absences Payable	45,066	26,203
Long-Term Portion of Revenue Bonds Payable	4,195,000	4,305,000
Premium on Sale of Bonds	136,005	141,876
Net Pension Liability	706,009	780,649
Net OPEB Liability	847,849	907,724
<u>Total Long-Term Liabilities</u>	<u>5,929,929</u>	<u>6,161,452</u>
<u>Total Liabilities</u>	<u>6,755,512</u>	<u>7,715,032</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension Related	432,123	474,718
OPEB Related	630,223	512,610
<u>Total Deferred Inflows of Resources</u>	<u>1,062,346</u>	<u>987,328</u>
Net Position:		
Net Investment in Capital Assets	2,159,860	2,183,765
Restricted- Renewal and Replacement	318,847	312,643
Restricted, Future Debt Services	126,695	149,531
Unrestricted	357,241	(131,920)
<u>Total Net Position</u>	<u>2,962,643</u>	<u>2,514,019</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	<u>\$ 10,780,501</u>	<u>\$ 11,216,379</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 REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
User Charges	\$ 1,552,176	\$ 1,286,242
	<u>1,552,176</u>	<u>1,286,242</u>
<u>Total Operating Revenues:</u>		
Operating Expenses:		
Cost of Providing Services	505,437	363,711
Administrative and General Expenses	349,615	329,106
Depreciation	221,945	222,295
	<u>1,076,997</u>	<u>915,112</u>
<u>Total Operating Expenses</u>		
<u>Operating Income</u>	<u>475,179</u>	<u>371,130</u>
Non-Operating Revenues (Expenses):		
Interest Income	78,417	38,595
Interest Expense	(165,004)	(167,628)
Township Land Lease Payment	(53,233)	(71,289)
Pension Related	19,686	
OPEB Related	48,735	
Other	44,844	61,993
	<u>(26,555)</u>	<u>(138,329)</u>
Total Non-Operating Revenues (Net)		
<u>Net Income</u>	448,624	232,801
Net Position, Beginning of Year	<u>2,514,019</u>	<u>2,281,218</u>
Net Position, End of Year	<u>\$ 2,962,643</u>	<u>\$ 2,514,019</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows from Operating Activities:</u>		
Receipts from Customers	\$ 1,552,176	\$ 1,337,695
Other Receipts	44,844	61,993
Payments to Suppliers and Employees	<u>(1,616,319)</u>	<u>(1,277,292)</u>
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>(19,299)</u>	<u>122,396</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Interest Paid on Debt	(171,975)	(169,329)
Principal Payments on Debt	(110,000)	(105,000)
Acquisition of Capital Assets	(74,733)	(9,135)
Refund on Capital Assets	<u> </u>	<u> </u>
<u>Net Cash Used in Capital and Related Financing Activities</u>	<u>(356,708)</u>	<u>(283,464)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest Received	<u>78,417</u>	<u>38,595</u>
<u>Net Cash Provided by Investing Activities</u>	<u>78,417</u>	<u>38,595</u>
Net Decrease in Cash and Cash Equivalents	(297,590)	(122,473)
Cash and Cash Equivalents, Beginning of Year	<u>4,230,211</u>	<u>4,352,684</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,932,621</u>	<u>\$ 4,230,211</u>
Reconciliation of Operating Income to Net Assets Provided by		
Operating Income	\$ 475,179	\$ 371,130
Depreciation	221,945	222,295
Changes in Operating Assets and Liabilities:		
Accounts Payable	(9,401)	(61,417)
Compensated Absences Payable	18,863	10,128
Prepaid Parking Fees	6,119	51,453
Due to Fiduciary Funds	<u>(732,004)</u>	<u>(471,193)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (19,299)</u>	<u>\$ 122,396</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 513,691	\$ 289,662
Due from West Windsor Parking Authority	189,702	921,706
Rent Security	4,370	4,370
	<u>\$ 707,763</u>	<u>\$ 1,215,738</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 168,702	\$ 38,126
Prepaid Parking Fees	852,820	970,643
Compensated Absences Payable	80,117	74,577
Due to New Jersey Transit Corporation - Surplus Revenues	(393,876)	132,392
	<u>\$ 707,763</u>	<u>\$ 1,215,738</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, 2019 AND 2018

(1) DESCRIPTION OF ENTITY

The Parking Authority of the Township of West Windsor (Authority) 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.

The Authority operates under a management agreement with the New Jersey Transit Corporation (NJ Transit) 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 NJ Transit which reflects only the financial activity of the Princeton Junction Train Station as required by the management 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, 2019 AND 2018

(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 management agreement with NJ Transit 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, 2019 AND 2018

(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.

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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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."

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, 2019 and 2018 was \$45,066 and \$26,203 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, 2019 AND 2018

(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 inter-period 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.

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 non-employer 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 non-employer 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 non-employer 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 non-employer contributing entity that arise from other types of events.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

At transition to Statement 68, if it is not practical for an employer or non-employer 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 non-employer contributing entity's beginning net position and expense in the initial period of implementation.

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.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Under GAAP, authorities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position 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 only two items that qualifies for reporting in this category, deferred amounts related to pensions and OPEB.

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 two items that qualifies in this category, deferred amounts related to pension and OPEB.

(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.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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

Deposits (Continued)

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.

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;

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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

Investments (Continued)

- 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.

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, 2018 and 2017, 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, the Authority's deposits and investments are summarized as follows:

	<u>2019</u>	<u>2018</u>
Reconciliation to Statement of Net Position (Exhibit A):		
Unrestricted:		
Cash and Cash Equivalents	\$3,487,079	\$3,768,037
Restricted Cash and Cash Equivalents	445,542	462,174
Agency Fund Cash and Cash Equivalents (Not Included in Exhibit A)	<u>513,597</u>	<u>289,662</u>
	<u>\$4,446,218</u>	<u>\$4,519,873</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(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.

(5) PROPERTY, PLANT AND EQUIPMENT

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

	<u>Balance Dec. 31, 2018</u>	<u>Additions/ Deletions</u>	<u>Balance Dec. 31, 2019</u>
Land	\$ 330,075	\$ -0-	\$ 330,075
Building	65,662	-0-	65,662
Parking Lots	8,508,466	-0-	8,508,466
Pedestrian Trail	338,131	-0-	338,131
Vehicles	61,045	53,084	114,129
Equipment	211,696	21,649	233,345
Construction in Progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	9,515,075	74,733	9,589,808
Less: Accumulated Depreciation	<u>(2,766,998)</u>	<u>(221,945)</u>	<u>(2,988,943)</u>
Net Property, Plant and Equipment	<u>\$6,748,077</u>	<u>\$(147,212)</u>	<u>\$6,600,865</u>

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(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 on each March 1st 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.

A summary of annual debt service requirements for principal and interest on the bond debt outstanding as of December 31, 2018 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Amount</u>
2020	\$ 110,000	\$ 168,125	\$ 278,125
2021	115,000	163,625	278,625
2022-2026	650,000	750,138	1,400,138
2027-2031	785,000	610,100	1,395,100
2032-2036	955,000	436,500	1,391,500
2037-2041	1,160,000	225,400	1,385,400
2042-2043	<u>530,000</u>	<u>21,400</u>	<u>551,400</u>
	<u>\$4,305,000</u>	<u>\$2,375,288</u>	<u>\$6,680,275</u>

During the year ended December 31, 2019, the following changes occurred in the Authority's 2012 bonds payable:

Balance, December 31, 2018	\$4,415,000
Principal Payment	<u>(110,000)</u>
Balance, December 31, 2019	<u>\$4,305,000</u>

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(7) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION PLAN

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrprts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS 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 pension fund or local jurisdiction's pension fund.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit; in which case, benefits would begin the first day of the month after the member attains normal retirement age.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 7.5% of their base salary and employers contribute 3.0%.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(7) ACCOUNTING AND FINANCIAL REPORTING FOR PENSION PLAN (CONTINUED)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. During 2019, PERS provides for employee contributions of 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Authority's share of pension costs, which is based upon the annual billings received from the State, amounted to \$39,437 and \$45,091 for the years ended December 31, 2019 and 2018, respectively.

Information as to the comparison of the actuarially computed value of vested benefit with the system's assets is not available from the State Retirement System and, therefore, is not presented

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

Accounting and Financial Reporting for Pensions - GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating local government unit as of December 31, 2019. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the local government unit, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2019.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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

Public Employees Retirement System (PERS)

At June 30, 2019, the State reported a net pension liability of \$706,009 for the Authority's proportionate share of the total net pension liability. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The Authority's proportion of the net pension liability was based on a projection of the local government unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the local government unit's proportion was 0.0039182468%, which was a decrease of 0.0000465532% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State recognized an actuarially determined pension expense of \$17,059 for the Authority's proportionate share of the total pension expense. The pension expense recognized in the Authority's financial statement based on the April 1, 2018 billing was \$39,437.

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 12,672	\$ 3,119
Changes of assumptions	70,498	245,053
Net difference between projected and actual earnings on pension plan investments		11,145
Changes in proportion and differences between Authority contributions and proportionate share of contributions	15,800	172,806
Authority contributions subsequent to the measurement date	<u>19,056</u>	<u> </u>
	<u>\$118,026</u>	<u>\$432,123</u>

The \$19,056 reported as deferred outflows of resources related to pension resulting from Authority's contributions subsequent to the measurement date (i.e. for the year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the pension liability in the year ended June 30, 2020.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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

Public Employees Retirement System (PERS) (Continued)

Other local amounts reported by the State as the Authority's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended	<u>Amount</u>
<u>June 30</u>	
2020	(\$ 51,787)
2021	(97,534)
2022	(90,454)
2023	(59,129)
2024	<u>(34,249)</u>
	<u>(\$333,153)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (Based on Age)		
Though 2026	2.00-6.00 Percent	1.65-4.15 Percent
Thereafter	3.00-7.00 Percent	2.65-5.15 Percent
	Based on Years of Service	Based on Age
Investment Rate of Return	7.00 Percent	7.00 Percent

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(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 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018, 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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 Authority's proportionate share of the net pension liability of the participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the 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%	June 30, 2019 At Current	1%
	Decrease	Discount Rate	Increase
	<u>5.28%</u>	<u>6.28%</u>	<u>7.28%</u>
Authority's proportionate share of the pension liability	\$898,008	\$706,009	\$553,272

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). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

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NOTES TO FINANCIAL STATEMENTS

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(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. Net OPEB liability obligations are non-pension benefits that the Authority has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the Authority is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the Authority is not required to recognize any long-term obligations resulting from the net OPEB liability on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

Plan Description and Benefits Provided (Continued)

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS (OPEB) – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions

The Authority's contributions to SHBP for the years ended December 31, 2019, 2018 and 2017 were \$26,897, \$27,507 and \$24,871, respectively, which equaled the required contributions for each year.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability

At June 30, 2019, the Plan reported a liability of \$847,849 for the Authority's proportionate share of the collective net OPEB liability. The total net OPEB liability measured as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

At June 30, 2019, the Authority's proportion was 0.0062590 percent, which was an increase of 0.0004650 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State reported net OPEB benefit of \$8,869. This net OPEB benefit was based on the OPEB plans June 30, 2019 measurement date.

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		\$247,944
Change of Assumptions		300,459
Net difference between projected and actual earnings on OPEB plan investments	\$ 689	
Changes in proportion	107,734	81,820
Authority contributions subsequent to the measurement date	<u>13,449</u>	<u> </u>
	<u>\$121,872</u>	<u>\$630,223</u>

The \$13,449 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date (i.e. for the year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability (Continued)

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

Year Ended	<u>Amount</u>
<u>June 30</u>	
2020	(\$84,020)
2021	(84,020)
2022	(84,075)
2023	(84,164)
2024	(84,244)
Total Thereafter	<u>(101,265)</u>
	<u>(\$521,789)</u>

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation rate	2.50 Percent	2.50 Percent

Salary Increases:

Public Employees Retirement System (PERS):

Initial fiscal Year Applied

Rate through 2026

Rate thereafter

2.00-6.00 Percent

3.00-7.00 Percent

Police and Firemen's Retirement System (PFRS):

Rate for all future years

3.25-15.25 Percent

All Pensions:

Rate through 2026

Rate thereafter

1.65-8.98 Percent

2.65-9.98 Percent

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019

*Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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DECEMBER 31, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in
the Discount Rate

The following presents the net OPEB liability associated with the Authority as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the net OPEB 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:

	June 30, 2019		
	1.00% <u>Decrease</u> <u>2.50%</u>	At Discount Rate <u>3.50%</u>	1.00% Increase <u>4.50%</u>
Authority’s proportionate share of the Net OPEB Liability	<u>\$980,329</u>	<u>\$847,849</u>	<u>\$740,191</u>

Sensitivity of the Authority’s Proportionate Share of the Net OPEB Liability to Changes in
the Healthcare Trends

The following presents the total net OPEB liability associated with the Authority as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2019		
	1.00% <u>Decrease</u>	Healthcare Cost Trend Rate	1.00% Increase <u>Increase</u>
Authority’s proportionate share of the Net OPEB Liability	<u>\$715,480</u>	<u>\$847,849</u>	<u>\$1,016,707</u>

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(10) 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.

(11) MANAGEMENT AGREEMENT – NEW JERSEY TRANSIT

The Authority has consummated a Management Agreement dated February 1, 2019 with NJ Transit. Under this agreement, the Authority operates and manages the Princeton Junction parking facilities and the Princeton Junction Railroad Station. Under this agreement, the Authority is compensated from gross parking revenues and NJ Transit receives a Use Fee. The Authority provides management, operation, and maintenance of the facilities.

The agreement became effective January 1, 2019 for a five-year period through December 31, 2023. The agreement includes the option for an additional term of four (4) years.

The agreement provides for a minimum Use Fee to NJ Transit in the amount of \$1,500,000 payable \$375,000 quarterly. NJ Transit reserves the right to increase the annual Use Fee based upon the previous calendar year's total payments to NJ Transit. In addition to the Use Fee, the Authority pays to NJ Transit all excess revenue generated by the facilities above the amount required to cover the approved operating expenses. Such funds are deposited into the contingency fund.

In accordance with the Management Agreement, shared operating costs are allocated 64% to NJ Transit and 36% to the Authority, prorated based on the number of parking spaces owned by each party.

Funds held in the contingency fund will be utilized for payment of expenses related to the improvement and repairs of the facilities. The Authority withholds ten percent (10%) of the gross receipts generated by the parking spaces under the agreement and deposits these funds to the contingency fund.

PARKING AUTHORITY OF THE TOWNSHIP WEST WINDSOR
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(12) OFFICE LEASE

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 commenced upon delivery and possession of space with landlord work complete and tenant fit out complete. This occurred on June 4, 2014.

The base rent for the first year is \$36,270. 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 for the first 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 December 31,</u>	<u>Amount</u>
2020	\$37,358
2021	37,358
2022	37,358
2023	37,358
2024	<u>37,358</u>
Total	<u>\$186,790</u>

The rent payments are a shared cost under the Management Agreement with the New Jersey Transit Corporation and as such, are allocated accordingly.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(13) LEASE AGREEMENT WITH TOWNSHIP OF WEST WINDSOR

The Authority and the Township of West Windsor entered into an agreement dated 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 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 Authority makes the facility available for residents residing outside of West Windsor Township.
- 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 Authority which operates at the Princeton Junction/ West Windsor Train Station.
- d. The 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 Authority agrees to pay the Township the sum of \$50,000, 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.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(14) NET POSITION

The components of net position are as follows:

	December 31,	
	2019	2018
Net Position:		
Invested in Capital Assets, Net of Related Liabilities	\$2,159,860	\$2,183,765
Restricted:		
Renewal and Replacement Fund	318,847	312,643
Future Debt Service Fund	<u>126,695</u>	<u>149,531</u>
Total Restricted	<u>445,542</u>	<u>462,174</u>
Unrestricted:		
Unappropriated	2,733,547	2,312,807
Net Pension Liability	(1,020,106)	(1,039,792)
Net OPEB Liability	<u>(1,356,200)</u>	<u>(1,404,935)</u>
Total Unrestricted	<u>357,241</u>	<u>(131,920)</u>
Total Net Position	<u>\$2,962,643</u>	<u>\$2,514,019</u>

(15) AMOUNTS REQUIRED BY BOND RESOLUTION

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

	2019	2018
Renewal and Replacement Account:		
Cash and Cash Equivalents and Other Assets	\$318,847	\$312,643
Renewal and Replacement Requirement	<u>318,847</u>	<u>267,185</u>
Excess	<u>\$ -0-</u>	<u>\$ 45,458</u>
Bond Service Account:		
Cash on Hand, Cash Equivalents and Other Assets	\$126,695	\$149,531
Bond Service Requirement	<u>126,695</u>	<u>149,531</u>
Excess	<u>\$ -0-</u>	<u>\$ -0-</u>

(16) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through December 1, 2020, which is the date the financial statements were available to be issued.

At the time of these Financial Statements, the COVID-19 Corona Virus continues to spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the Authority's operations in 2020 cannot be reasonably estimated at this time but could negatively affect revenues.

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(17) LITIGATION, CLAIMS, COMMITMENTS AND CONTINGENCIES

In the ordinary conduct of its business, the Authority may be a party to litigation. At December 31, 2019, 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

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, 2019
WITH COMPARATIVE ACTUAL TOTAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2019</u> <u>Budget</u>	<u>2019</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
Anticipated Revenues:			
Operating Revenues:			
User Charges	\$ 1,378,680	\$ 1,552,176	\$ 1,286,242
Other Income	19,000	44,844	61,993
Total Operating Revenues	<u>1,397,680</u>	<u>1,597,020</u>	<u>1,348,235</u>
Non-Operating Revenues:			
Interest Income	12,000	78,417	38,595
Total Non-Operating Revenues	<u>12,000</u>	<u>78,417</u>	<u>38,595</u>
Unreserved Retained Earnings	<u>147,158</u>		<u>56,133</u>
Total Revenues Including Unreserved Retained Earnings	<u>1,556,838</u>	<u>1,675,437</u>	<u>1,442,963</u>
Budget Appropriations:			
Cost of Providing Services:			
Enforcement Costs	36,500	45,102	26,452
Enforcement Salaries	216,500	57,704	48,294
Employee Benefits	46,917		
Office Supplies and Expense	26,924	18,781	30,168
Insurance	39,420	46,682	26,533
Lighting and Heating	30,000	10,132	13,306
Lot and Trail Maintenance	37,950	97,350	33,793
Lawn and Landscape	18,760	12,033	4,719
Snow Removal	438,000	210,021	175,737
Trash Removal	7,446	7,632	4,709
Total Costs of Providing Services	<u>898,417</u>	<u>505,437</u>	<u>363,711</u>
Administrative and General Expenses:			
Office Salaries	108,569	134,664	61,594
Manager Salaries			21,120
Employee Benefits	23,529	63,389	42,393
Office Supplies and Expense	50,385	56,867	70,007
Professional Fees	42,879	30,047	22,835
Rent Expense	72,199	21,617	14,769
Miscellaneous	12,939		
Total Administrative and General Expenses	<u>310,500</u>	<u>306,584</u>	<u>232,718</u>
Total Budget Appropriations	<u>1,208,917</u>	<u>812,021</u>	<u>596,429</u>
Other Costs Funded by Operating Revenues:			
Principal on Bonds	110,000	110,000	105,000
Interest on Bonds	171,975	165,004	167,628
Capital Outlay			
Township Land Lease Payment	65,946	50,000	50,000
Township Lease Payment		53,233	21,289
Reserve for Renewal and Replacement			10,425
Total Other Costs Funded by Operating Reserves	<u>347,921</u>	<u>378,237</u>	<u>354,342</u>
Total Costs Funded by Revenues	<u>1,556,838</u>	<u>1,190,258</u>	<u>950,771</u>
Anticipated Surplus (Deficit)	<u>\$ -</u>	<u>\$ 485,179</u>	<u>\$ 492,192</u>

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, 2019

	<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	3/1/2012	\$ 4,720,000.00	3.00-4.00%	3/1/2020	\$ 110,000.00
				3/1/2021	115,000.00
				3/1/2022	120,000.00
				3/2/2023	125,000.00
				3/1/2024	130,000.00
				3/1/2025	135,000.00
				3/1/2026	140,000.00
				3/1/2027	145,000.00
				3/1/2028	150,000.00
				3/1/2029	155,000.00
				3/1/2030	165,000.00
				3/1/2031	170,000.00
				3/1/2032	175,000.00
				3/1/2033	185,000.00
				3/1/2034	190,000.00
				3/1/2035	200,000.00
				3/1/2036	205,000.00
			3/1/2037	215,000.00	
			3/1/2038	225,000.00	
			3/1/2039	230,000.00	
			3/1/2040	240,000.00	
			3/1/2041	250,000.00	
			3/1/2042	260,000.00	
			3/1/2043	270,000.00	
				<u>\$ 4,305,000.00</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

Fiscal Year Ending June 30,	Authority's Proportion Share of the Net Pension Liability (Asset)	Authority's Proportionate Share of the Net Pension Liability (Asset)	Authority's Covered-Employee Payroll	Authority's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2014	0.0048519772%	\$ 908,423	\$ 347,436	261.46%	40.71%
2015	0.0050368033%	\$ 1,130,661	\$ 357,872	315.94%	42.74%
2016	0.0052021323%	\$ 1,540,722	\$ 437,627	352.06%	40.13%
2017	0.0048673716%	\$ 1,133,046	\$ 445,277	254.46%	48.10%
2018	0.0039648000%	\$ 780,649	\$ 511,940	152.49%	53.60%
2019	0.0039182468%	\$ 706,009	\$ 506,773	139.31%	56.27%

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 June 30.	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 35,366	\$ 35,366	\$ -0-	\$ 347,436	10.18%
2015	\$ 39,999	\$ 39,999	\$ -0-	\$ 357,872	11.18%
2016	\$ 43,303	\$ 43,303	\$ -0-	\$ 437,627	9.89%
2017	\$ 46,215	\$ 46,215	\$ -0-	\$ 445,277	10.38%
2018	\$ 45,091	\$ 45,091	\$ -0-	\$ 511,940	8.81%
2019	\$ 39,437	\$ 39,437	\$ -0-	\$ 506,773	7.78%

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, 2019

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 (3.87%) to the current measurement date (3.50%), resulting in a change in the discount rate from 5.66% to 6.28%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

PARKING AUTHORITY OF THE TOWNSHIP OF WEST WINDSOR

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN LAST TEN YEARS

Fiscal Year Ending June 30,	Authority's Proportion Share of the Net OPEB Liability	Authority's Proportionate Share of the Net OPEB Liability (Asset)	Authority's Covered-Employee Payroll	Authority's Proportion Share of the Net OPEB Liability (Asset) as a percentage of it's Covered- Employee Payroll	Plan Fiduciary Net Position as a percentage of the total OPEB Liability
2017	0.0057190%	\$ 1,167,579	\$ 445,277	262.21%	1.03%
2018	0.0057940%	\$ 907,724	\$ 511,940	177.31%	1.97%
2019	0.0062590%	\$ 847,849	\$ 506,773	167.30%	1.98%

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>
2017	\$ 24,871	\$ 24,871	\$ -0-	445,277	5.59%
2018	\$ 27,507	\$ 27,507	\$ -0-	511,940	5.37%
2019	\$ 26,897	\$ 26,897	\$ -0-	506,773	5.31%

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 OPEB (GASB 75)

NOTE TO RSI III
FOR THE YEAR ENDED DECEMBER 31, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The discount rate changed from 3.87% to 3.50% as of June 30, 2019.

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

DECEMBER 31, 2019

GENERAL COMMENTS AND RECOMMENDATIONS

None

