

**Financial Report**

of

**The Parking Authority of the  
Borough of Metuchen**

For the Years Ended December 31, 2015 and 2014

**THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN**

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**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Parking Authority of the Borough of Metuchen  
Metuchen, New Jersey

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

We have audited the accompanying financial statements of the Parking Authority of the Borough of Metuchen, as of and for the year ended December 31, 2015, 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 Borough of Metuchen, as of December 31, 2015, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Prior Period Financial Statements***

The financial statements of the Parking Authority of the Borough of Metuchen as of December 31, 2014, were audited by other auditors whose report dated February 13, 2015, expressed an unmodified opinion on those statements.

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

#### *Change in Accounting Principle*

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions in Schedules R-1 through R-3 identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

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comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

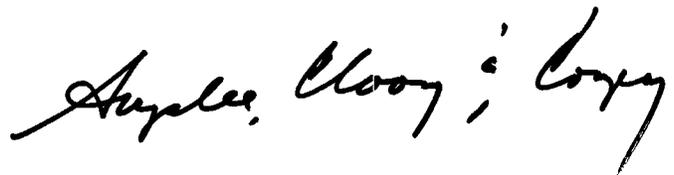
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the Borough of Metuchen's basic financial statements. The supplemental data schedules are presented for purposes of additional analysis and are not a required part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

The supplemental data schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 supplemental data 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 August 12, 2016 on our consideration of the Parking Authority of the Borough of Metuchen'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 Borough of Metuchen's internal control over financial reporting and compliance.

August 12, 2016

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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**

Board of Commissioners  
Parking Authority of the Borough of Metuchen  
Metuchen, 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 Borough of Metuchen as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Parking Authority of the Borough of Metuchen's financial statements, and have issued our report thereon dated August 12, 2016.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Parking Authority of the Borough of Metuchen's internal 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 Borough of Metuchen's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parking Authority of the Borough of Metuchen'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 Borough of Metuchen'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.

August 12, 2016

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Management's Discussion and Analysis** **Unaudited**

In this section of the annual report, management of the Parking Authority of the Borough of Metuchen (the "Authority") presents a narrative discussion and analysis of the Authority's financial activities for the years ended December 31, 2015 and 2014. This section of the report should be read in conjunction with the Authority's audited financial statements and supplementary information for the years ended December 31, 2015 and 2014. The Authority's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

### **Audit Assurance**

The unmodified opinion of our independent auditors, Suplee Clooney & Company is included in this report.

### **Summary of Organization and Business**

The Parking Authority of the Borough of Metuchen (the "Authority") was created by the Borough of Metuchen (the "Borough") through ordinance pursuant to authority granted by statutes in 1954. An Agreement was entered into between the Borough and the Parking Authority providing that the Parking Authority would undertake the management and operation of the existing on-street metered parking system and have the exclusive right and power to institute, manage and operate a system of on-street and off-street parking within the Borough.

Revenue is provided primarily from parking fees collected from customers using the parking lots or metered spaces.

### **Financial Highlights**

Total assets at year-end were \$8.6 million. Total liabilities were \$756.7 thousand.

Operating revenues totaled \$1.1 million which is a decrease of \$102 thousand or 8.2% over the prior year operating revenue of \$1.2 million.

Operating expenses were \$611.8 thousand which is an increase of \$78 thousand or 14.6% over prior year expenses of \$533.7 thousand.

Non-Operating revenue increased \$7.5 million from the sale of the Pearl Street Lot.

Cash and Investments of \$7.7 million increased \$7.5 million from the proceeds of the Pearl Street Lot sale from the prior year's total of \$168 thousand.

## **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 supplementary 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 budget, and bond resolutions 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; and notes to the financial statements.

The Statement of Net Position presents the financial position of the Authority on a full accrual historical cost basis. This statement presents information on all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position is one indicator of whether the financial position of the Authority is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes to Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the 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.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

## **Financial Analysis**

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning.

## Condensed Financial Statements

### Condensed Statement of Net Position

	December 31,		Variance		2013
	2015	2014	Dollars	%	
<u>Assets and Deferred Outflow of Resources</u>					
Cash and Cash Equivalents	\$ 7,728,804	\$ 168,000	\$ 7,560,804	4500.5%	\$ 425,027
Accounts Receivable	6,555		6,555	100.0%	
Fixed Assets (Net)	765,907	1,106,347	(340,440)	-30.8%	853,679
Deferred Outflow of Resources	113,887	34,205	79,682	233.0%	
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 8,615,153</b>	<b>\$ 1,308,552</b>	<b>\$ 7,306,601</b>	<b>4802.7%</b>	<b>\$ 1,278,706</b>
<u>Liabilities</u>					
Current Liabilities	\$ 25,618	\$ 39,758	\$ (14,140)	-35.6%	\$ 50,250
Unearned Revenue	118,219	188,244	(70,025)	-37.2%	191,108
Net Pension Liability	603,178	480,522	122,656	25.5%	
<b>Total Liabilities</b>	<b>747,015</b>	<b>708,524</b>	<b>38,491</b>	<b>5.4%</b>	<b>241,358</b>
<u>Deferred Inflow of Resources</u>	9,698	28,637	(18,939)	-66.1%	
<u>Net Position</u>					
Net Investment In Capital Assets	765,907	1,106,347	(340,440)	-30.8%	853,679
Unrestricted	7,092,533	(534,956)	7,627,489	1425.8%	183,669
<b>Total Net Position</b>	<b>7,858,440</b>	<b>571,391</b>	<b>7,287,049</b>	<b>1275.3%</b>	<b>1,037,348</b>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<b>\$ 8,615,153</b>	<b>\$ 1,308,552</b>	<b>\$ 7,306,601</b>	<b>1214.6%</b>	<b>\$ 1,278,706</b>

### Condensed Statement of Revenue, Expenses, and Changes in Net Position

	December 31,		Variance		2013
	2015	2014	Dollars	%	
Operating Revenues	\$ 1,139,174	\$ 1,241,492	\$ (102,318)	-8.2%	\$ 1,276,119
Operating Expenses	643,913	533,706	110,207	20.6%	531,238
Operating Income (Loss)	495,261	707,786	(212,525)	-30.0%	744,881
Non-Operating Revenues (Expenses)	6,791,788	(698,789)	7,490,577	1071.9%	(699,965)
Net Income (Loss)	7,287,049	8,997	7,278,052	80894.2%	44,916
Net Position, Beginning of Year - As Originally Reported	571,391	1,037,347	(465,956)	-44.9%	992,431
Restatement to Include Net Pension Liability		(474,953)	474,953	-100.0%	
Net Position, Beginning of Year - Restated		562,394	(562,394)	-100.0%	
<b>Net Position, End of Year</b>	<b>\$ 7,858,440</b>	<b>\$ 571,391</b>	<b>\$ 6,715,658</b>	<b>1175.3%</b>	<b>\$ 1,037,347</b>

### **Related Party Transactions**

The Authority has an agreement with the Borough of Metuchen, New Jersey which provides for annual payments to the Borough which are considered payments in lieu of taxes. These payments are authorized by State Law 40:11A-19.

### **Contacting the Authority's Management**

Any questions about the Authority's report or if additional information is needed, please contact the Executive Director of the Parking Authority of the Borough of Metuchen, 120B Liberty Street, Metuchen, New Jersey 08840.

**BASIC FINANCIAL STATEMENTS**



THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

STATEMENTS OF NET POSITION  
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>		
Current Liabilities:		
Accounts Payable	\$ 16,593	\$ 30,733
Accrued Expense	8,542	8,542
Bike Locker Deposits	483	483
Unemployment Claims Reserve		
	<hr/>	<hr/>
<u>TOTAL CURRENT LIABILITIES</u>	<u>\$ 25,618</u>	<u>\$ 39,758</u>
Unearned Revenue:		
Prepaid Sticker Parking	\$ 118,219	\$ 188,244
Net Pension Liability	603,178	480,522
	<hr/>	<hr/>
<u>TOTAL LIABILITIES</u>	<u>\$ 747,015</u>	<u>\$ 708,524</u>
Deferred Inflow of Resources:		
Pension Related	\$ 9,698	\$ 28,637
	<hr/>	<hr/>
<u>TOTAL DEFERRED INFLOW OF RESOURCES</u>	<u>\$ 9,698</u>	<u>\$ 28,637</u>
Net Position:		
Net Investment In Capital Assets	\$ 765,907	\$ 1,106,347
Unrestricted	7,092,533	(534,956)
	<hr/>	<hr/>
<u>TOTAL NET POSITION</u>	<u>\$ 7,858,440</u>	<u>\$ 571,391</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>	<u>\$ 8,615,153</u>	<u>\$ 1,308,552</u>

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

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

	<u>2015</u>	<u>2014</u>
Operating Revenue:		
Parking Revenues	\$ <u>1,139,174</u>	\$ <u>1,241,492</u>
<u>TOTAL OPERATING REVENUE</u>	\$ <u>1,139,174</u>	\$ <u>1,241,492</u>
Operating Expenses:		
Costs of Providing Services	\$ 634,088	\$ 526,315
Depreciation	<u>9,825</u>	<u>7,391</u>
<u>TOTAL OPERATING EXPENSES</u>	\$ <u>643,913</u>	\$ <u>533,706</u>
<u>OPERATING INCOME</u>	\$ <u>495,261</u>	\$ <u>707,786</u>
Non-Operating Revenue (Expense):		
Sale of Pearl Street Lot	\$ 7,810,032	\$
Interest Income	7,247	1,211
Other Income	36,220	
Other Expense	(24,036)	
Borough of Metuchen-In Lieu of Taxes	<u>(1,037,675)</u>	<u>(700,000)</u>
<u>TOTAL NON-OPERATING REVENUE (EXPENSE)</u>	\$ <u>6,791,788</u>	\$ <u>(698,789)</u>
<u>NET INCOME</u>	\$ 7,287,049	\$ 8,997
Net Position, Beginning of Year - As Originally Reported	<u>571,391</u>	<u>1,037,347</u>
Restatement to Include Net Pension Liability		(474,953)
Net Position, Beginning of Year - Restated		<u>562,394</u>
Net Position, End of Year	\$ <u><u>7,858,440</u></u>	\$ <u><u>571,391</u></u>

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

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

	<u>2015</u>	<u>2014</u>
<u>Cash Flows from Operating Activities:</u>		
Receipts from Parking Fees	\$ 1,062,594	\$ 1,238,492
Payments to Suppliers	(434,429)	(326,592)
Payments to Employees	<u>(213,799)</u>	<u>(210,078)</u>
<u>Net Cash Provided by Operating Activities</u>	\$ <u>414,366</u>	\$ <u>701,822</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Sale of Pearl Street	8,168,767	
Other Receipt	36,220	
Acquisition of Capital Assets	<u>\$(28,121)</u>	<u>\$(260,060)</u>
<u>Net Cash Provided (Used) in Capital and Related Financing Activities</u>	\$ <u>8,176,866</u>	\$ <u>(260,060)</u>
<u>Cash Flows from Investing Activities:</u>		
Payment to the Borough of Metuchen-In Lieu of Taxes	(1,037,675)	(700,000)
Interest Received	<u>\$ 7,247</u>	<u>\$ 1,211</u>
<u>Net Cash Provided (Used) by Investing Activities</u>	\$ <u>(1,030,428)</u>	\$ <u>(698,789)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 7,560,804	\$ (257,027)
Cash and Cash Equivalents, Beginning of Year	<u>168,000</u>	<u>425,027</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>7,728,804</u></u>	\$ <u><u>168,000</u></u>
Reconciliation of Operating Income to Net Cash Provided		
by Operating Activities:		
Net Income (Loss) From Operations	\$ 495,261	\$ 707,786
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	9,825	7,392
Increases (Decreases) in Liabilities:		
Accounts Receivable	(6,555)	
Accounts Payable	(14,140)	(10,492)
Prepaid Sticker Parking	<u>(70,025)</u>	<u>(2,864)</u>
Net Cash Provided by Operating Activities	\$ <u><u>414,366</u></u>	\$ <u><u>701,822</u></u>

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(1) GENERAL

The Parking Authority of the Borough of Metuchen, New Jersey, is a public body politic and corporate of the State of New Jersey created by an ordinance of the Borough Council of the Borough of Metuchen, adopted on January 19, 1953, pursuant to the Parking Authority Law of the State of New Jersey, as amended and supplemented.

As a public body, under existing statute, the Authority is exempted from both Federal and State taxes.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the GASB's accounting policies are described below.

Reporting Entity

The Authority's financial statements include the operations of on-street and off-street parking in the Borough of Metuchen for which the Board of Commissioners of the Authority exercises financial accountability. Board members are appointed to five-year terms by the Borough of Metuchen. There are no additional entities required to be included in the reporting entity and the Authority is not included in any other reporting entity.

Basis of Accounting

The financial statements of the Authority have been prepared on the accrual basis and in accordance with generally accepted accounting principles applicable to enterprise funds of state and local governments. An Enterprise Fund is used to account for operations: (i) that are financed primarily through user charges, or (ii) where the governing body has decided that determination of net income is appropriate.

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 in the Statements of Net Position. Net Position (totals assets and deferred outflows net of total liabilities and deferred inflows) is segregated into invested in capital assets and unrestricted components.

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Depreciation is determined on a straight-line basis, for all plant and equipment. Depreciation is provided for over the following estimated useful lives;

Buildings	50 years
Equipment	5 years
Parking Lot Improvements	20 years

Details of property, plant and equipment as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Land	\$729,231	\$1,079,224
Building		49,500
Parking Lot Improvements	320,722	533,701
Equipment	110,379	119,478
	<u>\$1,160,332</u>	<u>\$1,781,903</u>
Less: Accumulated Depreciation	<u>394,425</u>	<u>675,556</u>
Net Property, Plant and Equipment	<u>\$765,907</u>	<u>\$1,106,347</u>

Cash and Cash Equivalents

Cash equivalents are stated at cost which approximates fair value. Cash equivalents include cash in banks with original maturities of less than three months.

Inventory

Inventory of spare parts and supplies is recorded as an expense when purchased and accordingly, is not included in the statements of net position.

Income Taxes

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

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

The Authority has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or 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.

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(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.

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 one item that qualifies for reporting in this category, deferred amounts related to pensions.

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Net Position

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

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(3) BUDGETARY PROCEDURES

The Authority follows these procedures in establishing the Operating Fund budget:

The annual budget for each fiscal year of the Authority is introduced by resolution passed by not less than a majority of the governing body. Copies are submitted to the Director of the Division of Local Government Services Director prior to the beginning of the Authority's fiscal year for approval prior to its adoption.

The budget must comply with the terms and provisions of any security agreements, and is to be in such form and detail as to items of revenue, expenses and other contents as required by law or by rules and regulations of the Local Finance Board.

No authority budget can be finally adopted until the Director has approved the budget.

Public hearings are conducted to obtain citizen comments on the proposed budget.

Operating expense appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The level at which expenditures cannot exceed the budget is at the total budget level.

The budget may be increased after adoption when an item of revenue has been made available after the adoption date.

(4) CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents at December 31 are summarized as follows:

	<u>2015</u>	<u>2014</u>
Operating Cash	\$253,861	\$168,000
Cash-Land Sale	6,574,943	
Cash Held In Escrow	900,000	
	<u>\$7,735,359</u>	<u>\$168,000</u>

The Authority maintains its accounts in one bank. The cash on deposit of the Authority is partially insured by Federal Deposit Insurance Corporation in the amount of \$250,000 in each depository. Balances above the federal depository insurance amount are insured by the State of New Jersey Government Unit Deposit Protection Act.

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(5) CHANGES IN FIXED ASSETS

The following is a summary of the changes in fixed assets for the year ending December 31, 2015:

	<u>Balance Jan 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec 31, 2015</u>
Land	\$1,079,224		\$349,993	\$729,231
Building	49,500		49,500	
Parking Lot Improvements	533,701		212,979	320,722
Equipment	119,478	\$28,121	37,220	110,379
	<u>1,781,903</u>	<u>28,121</u>	<u>649,692</u>	<u>1,160,332</u>
Less:				
Accumulated Depreciation	<u>675,556</u>	<u>9,825</u>	<u>290,956</u>	<u>394,425</u>
Net Fixed Assets	<u>\$1,106,347</u>	<u>\$18,296</u>	<u>\$ 358,736</u>	<u>\$ 765,907</u>

(6) NET POSITION

The components of net position are as follows:

	<u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Net Position:		
Invested in Capital Assets, Net of Related Liabilities	\$765,907	\$1,106,347
Unrestricted - Pension	(498,989)	(474,954)
Unrestricted	<u>7,591,522</u>	<u>(60,002)</u>
Total Net Position	<u>\$7,858,440</u>	<u>\$571,391</u>

(7) PENSION PLAN

Authority employees participate in the Public Employee's Retirement System (PERS), of New Jersey, a multi-employer cost sharing plan. The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the plan. The plan does not maintain separate records for each member in the state and, therefore, the actuarial data for the Authority is not available.

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(7) PENSION PLAN (CONTINUED)

Participating employees are required by State statute to contribute a certain percentage (6.78% to July 1, 2014 and 7.06% thereafter) of their salary to the plan. In addition, the PERS generally bills the Authority annually for its required contribution. The Authority funded a \$21,200 and \$18,356 contribution to the Plan in 2015 and 2014, respectively.

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

Public Employees Retirement System (PERS)

At December 31, 2015, the Authority reported a liability of \$603,178 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating local units, actuarially determined. At June 30, 2015, the Authority's proportion was 0.0026870007 percent, which was an increase of 0.0001204832 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Authority recognized pension expense of \$47,133. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$14,390.00
Changes of assumptions		64,776.00
Net difference between projected and actual earnings on pension plan investments	\$9,698.00	
Changes in proportion and differences between Authority contributions and proportionate share of contributions		34,721.00
	<u>\$9,698.00</u>	<u>\$113,887.00</u>

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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

Public Employees Retirement System (PERS) (Continued)

The \$113,887 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the period ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2016	\$20,164.00
2017	\$20,164.00
2018	\$20,164.00
2019	\$27,323.00
2020	\$16,374.00

Additional Information

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

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$5,086,138,484	\$1,032,618,058
Collective deferred inflows of resources	478,031,236	1,726,631,532
Collective net pension liability - local	22,447,996,119	18,722,735,003
Authority's Proportion	0.0026870007%	0.0025665175%

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 and 2014 are summarized in the following table:

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.30% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Authority's proportionate share of the pension liability	\$749,676.00	\$603,178.00	\$480,355.00

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 PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(9) BOROUGH OF METUCHEN AGREEMENT

The Authority has an agreement with the Borough of Metuchen, New Jersey which provides for annual payments to the Borough which are considered payments in lieu of taxes. These payments are authorized by State Law N.J.S.A. 40:11A-19.

The Authority, for the years ending December 31, 2015 and 2014, paid the Borough \$1,037,675 and \$700,000, respectively.

(10) PARKING LOT LEASES

The Authority has several leases with various entities in which it leases their surface parking lots and, in turn, operates the lots for commuters. The leases call for the sharing with the leaser the net receipts after operating expenses attributed to the property are deducted.

(11) PARKING DECK LEASE AGREEMENT

In 2013, the Authority leased for a period of forty years a portion of its surface parking lot (Pearl Street) to a parking management company which will construct a 769 parking space garage. The firm will manage and operate the parking garage and pay the Authority a share of the net receipts.

This parking garage opened in June of 2016.

(12) SALE OF PEARL STREET LOT

In 2015, the Authority sold a portion of the Pearl Street parking lot to a developer for the purchase price of \$7,189,700.00. As part of that sale agreement, the developer and the Authority will lease a portion of its land to a parking management company which will construct and manage a 769 space parking garage. In addition, the Authority sold a portion of the Pearl Street Lot for \$1,095,000 to the Borough of Metuchen for use as a pedestrian plaza.

At December 31, 2015, \$900,000 of the sale proceeds was held in an attorney's escrow pending the result of environmental cleanup issues.

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(13) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events occurring after the financial statement date through August 12, 2016, which is the date the financial statements were available to be issued.

The Authority has determined that no subsequent events have occurred which require disclosure in the financial statements.

(14) LITIGATION, CLAIMS AND CONTINGENT LIABILITIES

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

**SUPPLEMENTARY INFORMATION**

## THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

SCHEDULE OF OPERATING REVENUES AND COSTS  
 FUNDED BY OPERATING REVENUES COMPARED TO  
 BUDGET FOR THE YEAR ENDED DECEMBER 31, 2015  
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE  
 YEAR ENDED DECEMBER 31, 2014

	2015 <u>BUDGET</u>	2015 <u>ACTUAL</u>	2014 <u>ACTUAL</u>
Revenues:			
Operating Revenues:			
Parking Fees	\$ 953,116	\$ 1,139,174	\$ 1,241,492
Sale of Pearl Street Lot	6,107,434	7,810,032	
Other Income	-	36,220	
	<u>7,060,550</u>	<u>8,985,426</u>	<u>1,241,492</u>
<b>Total Operating Revenues</b>	<b>\$ 7,060,550</b>	<b>\$ 8,985,426</b>	<b>\$ 1,241,492</b>
Non-Operating Revenues:			
Interest on Investments and Deposits	\$ 1,000	\$ 7,247	\$ 1,211
	<u>1,000</u>	<u>7,247</u>	<u>1,211</u>
<b>Total Anticipated Revenues</b>	<b>\$ 7,061,550</b>	<b>\$ 8,992,673</b>	<b>\$ 1,242,703</b>
Expenses:			
Parking Lot Re-Surfacing	\$ -	\$ 19,250	\$ -
Parking Deck	10,000	20,174	30,353
Sticker Parking Refunds	10,000	788	782
Salaries - Snow Removal	6,000	-	4,366
Maintenance Salaries	165,000	114,780	159,625
Office Salaries	49,000	96,219	46,603
Legal Retainer	4,200	2,800	3,850
Legal Fees	10,000	4,049	19,124
Accounting Fees	5,400	4,050	5,400
Consulting Fee	-	-	10,121
Office Expenses	10,000	3,746	9,032
Payroll Service	3,000	2,608	2,842
Telephone	2,500	1,299	1,488
Uniforms	1,000	873	199
Utilities	6,000	4,496	5,343
Payroll Taxes	20,175	14,218	15,524
Pension - Employer Contribution	20,541	21,200	18,356
Hospital and Dental Insurance	70,000	44,365	43,402
Insurance	40,000	38,949	37,668
Conferences, Meetings and Dues	800	405	-
Contingency Expense	1,000	-	-
Parking Lot Lighting	9,000	5,817	6,185
Vehicle Expense	7,500	34,928	15,146
Property Rentals	75,000	85,485	63,979
Meter Maintenance & Replacement	6,000	1,471	2,776
Maintenance of Building	1,000	1,530	1,637
Contract - Snow Removal	15,000	109,381	-
Parking Lot Maintenance	15,000	1,072	13,058
Equipment Replacement	11,000	135	9,456
	<u>574,116</u>	<u>634,088</u>	<u>526,315</u>
<b>Total Operating Appropriations</b>	<b>\$ 574,116</b>	<b>\$ 634,088</b>	<b>\$ 526,315</b>
Non-Operating Appropriations:			
	\$ 1,350,000	\$ 1,037,675	\$ 700,000
Borough of Metuchen-In Lieu of Taxes			(260,080)
Purchase of Land		28,121	
Capital Expenditure-Truck			
	<u>1,350,000</u>	<u>1,065,796</u>	<u>439,920</u>
<b>Total Non-Operating Appropriations</b>	<b>\$ 1,350,000</b>	<b>\$ 1,065,796</b>	<b>\$ 439,920</b>
<b>TOTAL COSTS</b>	<b>\$ 1,924,116</b>	<b>\$ 1,699,884</b>	<b>\$ 966,235</b>

SCHEDULE "R-1"

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
 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 its Covered- Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2014	0.002566651755%	\$ 480,522	210,078	228.74%	40.71%
2015	0.0026870007%	603,178	213,799	282.12%	42.74%

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

SCHEDULE "R-2"

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Authority's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 21,158	21,158	\$ -0-	210,078	10.07%
2015	\$ 23,101	23,101	\$ -0-	213,799	10.81%

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN  
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)  
NOTE TO RSI III  
FOR THE YEAR ENDED DECEMBER 31, 2015

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

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

THE PARKING AUTHORITY OF THE BOROUGH OF METUCHEN

DECEMBER 31, 2015

GENERAL COMMENTS AND RECOMMENDATIONS

That the Authority maintain a general ledger as required by regulation.

That the Authority prepare and adopt a Cash Management Plan as required by regulation.