



Certified Public Accountants LLC
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**PARKING AUTHORITY OF THE
TOWN OF WEST NEW YORK
(A Component Unit of the Town of West New York)
REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**



...Your Business, Our Passion!

THE PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

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Certified Public Accountants LLC

Helder Mendonca, CPA
Robert G. D'Uva, CPA
Amedeo Luongo, CPA
João P. Santos, CPA

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairperson and Members of the Board of Commissioners
The Parking Authority of the Town of West New York
West New York, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative statements of net position of the Parking Authority of the Town of West New York (the "Parking Authority"), a component unit of the Town of West New York as of and for the years ended December 31, 2017 and 2016, and the related comparative statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Parking 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 an opinion 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, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking Authority of the Town of West New York as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the Town of West New York's basic financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules listed in the table of contents 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 supplementary schedules listed in the table of contents 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 April 30, 2018, on our consideration of the Parking Authority of the Town of West New York'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 Town of West New York's internal control over financial reporting and compliance.

Union, New Jersey
April 30, 2018

Mendence & Partners, CPAs, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2017

This section of the Parking Authority of the Town of West New York's (the "Authority") annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended December 31, 2017. Please read it in conjunction with the Authority's financial statements and accompanying notes.

The Authority was created by municipal ordinance adopted on September 7, 1964 by the Town of West New York. The principal purpose of the Authority is to provide a means of addressing the current and future parking demands of the Town, including the development, financing, construction, operation and management of parking resources located within the Town. Under criteria established by the Governmental Accounting Standards Board ("GASB"), the Authority is considered a component unit of the Town of West New York.

Financial Highlights

- The Authority generated operating revenues of \$2,956,843, which was comprised of \$2,464,575 of parking meter fees and permits and \$492,268 of parking fines.
- Operating expenses amounted to \$2,209,776 which included \$1,529,382 of administrative and executive expenses, \$291,644 for parking operations and \$388,750 for depreciation.
- Non-operating revenues consisted of \$9,520 of investment earnings and \$48,600 of other non-operating earnings.
- Non-operating expenses consisted of \$364,545 in interest expense.

OVERVIEW OF FINANCIAL STATEMENTS

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise Fund statements offer short and long-term financial information about the activities and operations of the Authority. These financial statements are presented in the manner prescribed by the GASB.

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and the Notes to the Financial Statements.

The Statement of Net Position provides information about the nature and amount of investments in resources (assets) and the obligations to Authority creditors (liabilities).

The Statement of Revenues, Expenses and Changes in Net Position, which accounts for all of the current year's revenues and expenses, measures the success of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2017

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, investing and financing activities.

The Notes to the Financial Statements provide information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies. The Notes to the Financial Statements also provide information on contractual obligations, future commitments, contingencies, and other events that could materially affect the Authority's financial position.

FINANCIAL ANALYSIS OF THE AGENCY

The following table summarizes the Authority's assets, liabilities and net position at December 31, 2017, 2016 and 2015.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current and Other Assets	\$3,317,192	\$2,838,616	\$2,467,160
Capital Assets, Net	<u>11,516,785</u>	<u>11,867,393</u>	<u>12,081,599</u>
Total Assets	<u>14,833,977</u>	<u>14,706,009</u>	<u>14,548,759</u>
Deferred Outflows of Resources	<u>1,004,223</u>	<u>1,004,223</u>	<u>223,331</u>
Liabilities:			
Non-Current Liabilities	9,815,029	10,173,248	9,481,428
Current Liabilities	<u>711,125</u>	<u>665,580</u>	<u>613,606</u>
Total Liabilities	<u>10,526,154</u>	<u>10,838,828</u>	<u>10,095,034</u>
Deferred Inflows of Resources	<u>149,848</u>	<u>149,848</u>	<u>208,587</u>
Net Position:			
Invested in Capital Assets, Net of Related Debt	3,970,837	3,990,684	3,870,825
Restricted	166,824	171,448	396,639
Unrestricted	<u>1,024,537</u>	<u>559,424</u>	<u>201,005</u>
Total Net Position	<u><u>\$5,162,198</u></u>	<u><u>\$4,721,556</u></u>	<u><u>\$4,468,469</u></u>

PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2017

OPERATING ACTIVITIES

The following table summarizes the Authority's revenues, expenses and changes in net position for the fiscal years ended December 31, 2017, 2016 and 2015.

	2017	2016	2015
OPERATING REVENUES			
Parking Fees and Permits	\$2,464,575	\$2,214,351	\$2,003,420
Parking Fines	492,268	480,739	492,051
Total Operating Revenues	2,956,843	2,695,090	2,495,471
OPERATING EXPENSES			
Administrative and Executive	1,529,382	1,567,647	1,268,171
Cost of Providing Services	291,644	320,222	299,027
Depreciation	388,750	254,866	236,368
Total Operating Expenses	2,209,776	2,142,735	1,803,566
OPERATING INCOME (LOSS)	747,067	552,355	691,905
NONOPERATING REVENUE (EXPENSES)			
Investment Earnings	9,520	4,705	3,792
Other Non-operating Earnings	48,600	61,876	48,600
Interest Expense	(364,545)	(365,849)	(372,691)
Total Non-Operating Revenues (Expenses)	(306,425)	(299,268)	(320,299)
CHANGE IN NET POSITION	440,642	253,087	371,606
Total Net Position, Beginning of Year	4,721,556	4,468,469	4,096,863
Total Net Position, End of Year	\$5,162,198	\$4,721,556	\$4,468,469

The Authority's change in total net position for the year ended December 31, 2017 was \$440,642 greater than the year ended December 31, 2016, with a \$465,113 increase in unrestricted net assets. The Authority's change in total net position for the year ended December 31, 2016 was \$253,087 greater than the year ended December 31, 2015, with a \$358,419 increase in unrestricted net assets.

PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2017

OPERATING ACTIVITIES (Continued)

Operating revenue in 2017 was \$261,753 greater than operating revenue in 2016, and exceeded amounts budgeted in 2017 for operating revenue by \$352,243. The increase in operating revenue is attributed to many factors, including an increase in the charge for metered parking on Bergenline Avenue, which is the Town's main business district, the addition of 78 spaces available for permit parking on the roof-top of the Authority's parking garage, increased enforcement efforts and technology upgrades. Operating expense in 2017 was \$67,041 greater than operating expense in 2016, but was \$106,868 less than amounts budgeted in 2017. The increase in 2017 operating expense verses 2016 is mostly the result of new personnel and cost of living increases of various expenses. Operating expense was under budget as the Authority had budgeted funds for technology upgrades to its enforcement efforts which were not implemented in 2017. The Authority has budgeted for those upgrades in its 2018 budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table summarizes the Authority's capital assets as of December 31, 2017, 2016 and 2015.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Capital Assets:</u>			
Land	\$3,816,900	\$3,816,900	\$3,816,900
Parking Lot Improvements	919,439	919,439	919,439
Buildings	9,102,807	9,102,807	9,067,069
Equipment	<u>1,269,290</u>	<u>1,231,147</u>	<u>1,226,225</u>
Total Capital Assets	15,108,436	15,070,293	15,029,633
Less:			
Accumulated Depreciation	<u>(3,591,651)</u>	<u>(3,202,900)</u>	<u>(2,948,034)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>\$11,516,785</u>	<u>\$11,867,393</u>	<u>\$12,081,599</u>

Additions to total capital assets during 2017 included the purchase of a generator and a new vehicle. Additions to total capital assets during 2016 included repurposing of a pay station and the construction of a roof-top fence at the Authority's parking garage.

Additional information on the Authority's capital assets can be found in the Notes to the Basic Financial Statements.

PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Debt

The Authority had the following outstanding debt as of December 31, 2017, 2016 and 2015.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Serial Bonds Payable	\$7,005,000	\$7,240,000	\$7,465,000
Obligations Under Capital Lease Payable	<u>849,718</u>	<u>956,156</u>	<u>1,074,950</u>
Total Long-Term Debt	<u>\$7,854,718</u>	<u>\$8,196,156</u>	<u>\$8,539,950</u>

The Authority continues to pay down its capital debt. No new capital debt was issued in 2017.

Additional information on the Authority's capital debt can be found in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority services the Town of West New York, which is located in Northern Hudson County. This area is experiencing a period of economic stability. Its proximity to employment centers in New York City and northern New Jersey contribute towards maintaining a stable outlook.

The State of New Jersey's Division of Local Government Services approved the Authority's 2018 budget for adoption in December of 2017. The following is anticipated to be undertaken during 2018:

- Improvement of existing properties and facilities, including the upgrade and replacement of existing meter equipment.
- Improvement and replacement of signage in the municipal parking lots and streets for clearer notice to the public and more efficient enforcement.
- Repairing and repaving of various municipal parking lots on an as needed basis.
- Ongoing evaluation of the utilization of Parking Authority properties for the purpose of increasing revenues.

PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2017

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town of West New York, New Jersey citizens, and our customers, investors and creditors, with a general overview of the Authority's finances to demonstrate the Authority's accountability for the revenues it receives. If you have questions about this report or need additional financial information, you may contact the Authority's Executive Director or Chief Financial Officer at 224 60th Street, West New York, NJ 07093 or at (201) 295-1575.

BASIC FINANCIAL STATEMENTS

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2017 AND 2016**

	2017	2016
ASSETS		
Current Assets		
Unrestricted Current Assets:		
Cash and Cash Equivalents	\$2,645,766	\$2,079,801
Other Accounts Receivable	50,787	117,323
Prepaid Expense	21,223	20,082
Total Unrestricted Current Assets	2,717,776	2,217,206
Restricted Current Assets:		
Project Fund		
Cash and Cash Equivalents	117,717	136,446
Debt Service Reserve Fund		
Cash and Cash Equivalents	314,875	313,516
2006 Excess Proceeds Account		
Cash and Cash Equivalents	15	15
Debt Service Account		
Cash and Cash Equivalents	77	36
Revenue Account		
Cash and Cash Equivalents	166,732	171,397
Total Restricted Current Assets	599,416	621,410
Total Current Assets	3,317,192	2,838,616
Noncurrent Assets		
Capital Assets Not Being Depreciated:		
Land	3,816,900	3,816,900
Capital Assets Net of Accumulated Depreciation:		
Buildings	7,470,705	7,654,429
Parking Lot Improvements	39,678	201,359
Equipment	189,502	194,705
Total Capital Assets (Net of Accumulated Depreciation)	11,516,785	11,867,393
Total Noncurrent Assets	11,516,785	11,867,393
Total Assets	\$14,833,977	\$14,706,009
DEFERRED OUTFLOWS OF RESOURCES	\$1,004,223	\$1,004,223
Total Deferred Outflows of Resources	\$1,004,223	\$1,004,223

See Accompanying Notes to the Basic Financial Statements.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
LIABILITIES		
Current Liabilities Payable from Unrestricted Assets:		
Accounts Payable	\$139,402	\$115,769
Accrued Interest Payable	166,697	171,397
Unearned Revenue	48,650	36,975
Other Current Liabilities	<u>4,849</u>	<u>-</u>
 Total Current Liabilities Payable from Unrestricted Assets	 <u>359,598</u>	 <u>324,141</u>
Current Liabilities Payable from Restricted Assets:		
Revenue Bonds Payable, Current Portion	240,000	235,000
Obligations Under Capital Lease Payable, Current Portion	<u>111,527</u>	<u>106,439</u>
 Total Current Liabilities Payable from Restricted Assets	 <u>351,527</u>	 <u>341,439</u>
Non-Current Liabilities:		
Revenue Bonds Payable	6,888,822	7,135,515
Obligations Under Capital Lease Payable	738,191	849,717
Net Pension Liability	<u>2,188,016</u>	<u>2,188,016</u>
 Total Non-Current Liabilities	 <u>9,815,029</u>	 <u>10,173,248</u>
 Total Liabilities	 <u>\$10,526,154</u>	 <u>\$10,838,828</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>\$149,848</u>	 <u>\$149,848</u>
Total Deferred Inflows of Resources	<u>\$149,848</u>	<u>\$149,848</u>
 NET POSITION		
Investment in Capital Assets, Net of Related Debt	\$3,970,837	\$3,990,684
Restricted	166,824	171,448
Unrestricted	<u>1,024,537</u>	<u>559,424</u>
 Total Net Position	 <u>\$5,162,198</u>	 <u>\$4,721,556</u>

See Accompanying Notes to the Basic Financial Statements.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Parking Meters	\$1,411,168	\$1,278,938
Parking Permits	1,053,407	935,413
Fine Revenue	<u>492,268</u>	<u>480,739</u>
Total Operating Revenues	<u>2,956,843</u>	<u>2,695,090</u>
OPERATING EXPENSES		
Administrative and Executive	1,529,382	1,567,647
Cost of Providing Services	291,644	320,222
Depreciation	<u>388,750</u>	<u>254,866</u>
Total Operating Expenses	<u>2,209,776</u>	<u>2,142,735</u>
OPERATING INCOME	<u>747,067</u>	<u>552,355</u>
NON-OPERATING REVENUES (EXPENSES)		
Other Income	48,600	61,876
Investment Earnings	9,520	4,705
Interest Expense	<u>(364,545)</u>	<u>(365,849)</u>
Total Non-Operating Revenues (Expenses)	<u>(306,425)</u>	<u>(299,268)</u>
CHANGE IN NET POSITION	440,642	253,087
Total Net Position, Beginning of Year	<u>4,721,556</u>	<u>4,468,469</u>
Total Net Position, End of Year	<u><u>\$5,162,198</u></u>	<u><u>\$4,721,556</u></u>

See Accompanying Notes to the Basic Financial Statements.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Receipts from Parking Fees, Permits and Fines	\$3,035,054	\$2,661,466
Payments for Employees Salaries and Benefits	(1,520,861)	(1,362,927)
Payments to Suppliers	<u>(272,824)</u>	<u>(299,437)</u>
Net Cash Provided by Operating Activities	<u>1,241,369</u>	<u>999,102</u>
Cash flows from Capital and Related Financing Activities		
Purchase of Capital Assets	(38,142)	(40,660)
Principal Payment - Capital Lease Obligation	(106,438)	(118,794)
Principal Payment - Revenue Bonds Payable	(235,000)	(225,000)
Interest Paid on Capital Lease Obligation	(33,144)	(25,535)
Interest Paid on Bonds	<u>(342,794)</u>	<u>(351,226)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(755,518)</u>	<u>(761,215)</u>
Cash Flows from Investing Activities		
Interest on Investments	<u>9,520</u>	<u>4,705</u>
Net Cash Provided by Investing Activities	<u>9,520</u>	<u>4,705</u>
Cash Flows from Non-Operating Activities		
Other Income	<u>48,600</u>	<u>61,876</u>
Net Cash Provided by Non-Operating Activities	<u>48,600</u>	<u>61,876</u>
Net Increase in Cash and Cash Equivalents	543,971	304,468
Cash and Cash Equivalents, Beginning of Year	<u>2,701,211</u>	<u>2,396,743</u>
Cash and Cash Equivalents, End of Year	<u><u>\$3,245,182</u></u>	<u><u>\$2,701,211</u></u>
Analysis of Balance at December 31,		
Unrestricted	\$2,645,766	\$2,079,801
Restricted	<u>599,416</u>	<u>621,410</u>
	<u><u>\$3,245,182</u></u>	<u><u>\$2,701,211</u></u>

See Accompanying Notes to the Basic Financial Statements.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income	\$747,067	\$552,355
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	388,750	254,866
Changes in Assets and Liabilities:		
Decrease (Increase) in Other Receivable	66,536	(65,799)
Decrease (Increase) in Prepaid Expense	(1,141)	(1,189)
Decrease (Increase) in Deferred Outflows of Resources	-	(780,892)
Increase (Decrease) in Accounts Payable	23,633	26,256
Increase (Decrease) in Other Liabilities	4,849	-
Increase (Decrease) in Unearned Revenue	11,675	32,175
Increase (Decrease) in Net Pension Liability	-	1,040,069
Increase (Decrease) in Deferred Inflows of Resources	-	(58,739)
Total Adjustments	494,302	446,747
Net Cash Provided by Operating Activities	\$1,241,369	\$999,102
Noncash Investing, Capital and Financing Activities:		
Amortization of Original Issue Premium	(\$6,693)	(\$6,693)

See Accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Parking Authority of the Town of West New York (the "Authority") is a public body corporate and politic of the State of New Jersey. The Authority was created by a municipal ordinance adopted on September 7, 1964 by the Town of West New York (the "Town") pursuant to the provisions of the Parking Authorities Law (the "Act") (N.J.S.A. 40:11A-1 et. seq.)

The Town created the Authority for the principal purpose to provide a means of addressing the current and future parking demands of the Town including the preparation of a comprehensive and coordinated plan for the development, financing, construction, operation and/or management of parking resources and certain specific parking facilities located within the Town.

The Authority is governed by a Board of Commissioners (the "Board") consisting of five members each of whom is appointed by the Town's governing body. The Commissioners, who receive no compensation, who are first appointed, shall be designated to serve terms of one, two, three, four and five years, respectively from the date of their appointment, but thereafter Commissioners shall be appointed for a term of five years. All vacancies shall be filled for the unexpired term.

The Authority has broad powers under the Act, including, among others, the following: to retain, operate, manage and administer its property; to enforce applicable ordinances, laws and regulations as to parking of vehicles in the Town; to acquire, lease or otherwise hold and use parking projects and land; to provide for bonds and secure their payment and rights of holders thereof; to charge and collect fees and service charges for the use of its facilities and to revise such fees and service charges to ensure that the revenues of the Authority will at all times be adequate to pay all operating and maintenance expenses, including reserves and to pay the principal of and the interest on any bonds, notes or loans, and to maintain such reserves or sinking funds therefore as may be required by the terms of any contract of the Authority; and to make and enforce rules and regulations for the management of its business and affairs.

The Parking Authority of the Town of West New York includes in its financial statements the primary government and those component units for which the primary government is financially accountable or for which the nature and significant of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is financially accountable for an organization if the Authority appoints a voting majority of the organization's board, and (1) the Authority is able to significantly influence the programs or services performed or provided by the organization; or (2) the Authority is legally entitled to or can otherwise access the organization's resources; the Authority is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the Authority is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Authority in that the Authority approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Authority has no component units. The Authority would be includable as a component unit of the Town of West New York on the basis of such criteria.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounts of the Authority are organized on the basis of funds, in accordance with the 2006 Bond Resolution, each of which is considered a separate accounting entity. The accounts are accounted for with a separate set of self-balancing accounting records that comprise its assets, liabilities, net position, revenues and expenses. Government resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various activities are grouped into one generic fund type and one broad fund category, as follows:

Proprietary Fund Types

Enterprise Fund - The Enterprise Fund is used to account for governmental operations which are financed and operated in a manner similar to private enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to its users on a continuing basis be financed or recovered primarily through user charges.

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority's financial transactions are recorded in accounts that are created by various resolutions adopted by the Authority to meet bond or note covenant requirements.

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow FASB guidance issued subsequent to December 1, 1989.

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

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Position

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, cash in banks, certificates of deposit and all short-term investments with original maturities of three months or less from the date of purchase. Investments are reported at market value. See Note 3 for specific disclosures on cash and investments.

2. Inventory

The costs of inventories are deemed immaterial and are recognized as expenses when purchased. The Authority does not record inventory on its statement of net position.

3. Restricted Assets

Certain proceeds of the Authority's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The revenue bonds capitalized interest, debt service reserve, and reserve for cost of issuance have been classified as restricted assets for the payment of interest, principal and costs associated with the outstanding revenue bonds. Remaining long-term debt proceeds which have been set aside to finance the construction are also reported as restricted assets.

Cash has been deposited into various trustee funds with a fiscal agent to satisfy legal covenants. Further, the amounts have been invested into various short and long-term investments in compliance with the Parking Authority's investment policy.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Position (Continued)

3. *Restricted Assets* (Continued)

The following is a brief synopsis of the various trustee funds:

Project Fund

The project fund was established to fund construction of the parking decks.

Debt Service Fund

The debt service fund was established to fulfill the debt service requirements on the outstanding bonds as and when they become due and payable.

Debt Service Reserve Fund

The debt service reserve fund was established to account for the accumulation of resources for the payment of principal and interest due on the Series 2006 Bonds in the event that there are insufficient funds available.

Cost of Issuance Fund

The cost of issuance trust fund was established to pay for all legal, financial and other costs related to acquiring and maintaining various bond issues.

2006 Excess Proceeds Account

The 2006 excess proceeds account was established for funds within the Construction Fund that are unneeded for the original purpose and will be applied to future debt service.

Revenue Fund

The revenue fund was established to hold revenues of the Authority until amounts, as needed are transferred to pay Authority's operating expenses, or to fund any amounts due and owing to the Debt Service Fund or the Debt Service Reserve Fund.

4. *Accounts Receivable*

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

5. *Prepaid Items*

Certain payments to vendors reflect costs applicable for future accounting periods and are recorded as prepaid items in the financial statements.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Position (Continued)

6. *Capital Assets*

All capital assets acquired or constructed by the Authority are reported as expenses in the account that finances the acquisition of the assets and are capitalized in the operating account. Capital assets are defined by the Authority as assets with an individual cost of \$2,000 and an estimated useful life of at least five years. Such capital assets are valued at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Construction costs are charged to construction in progress until such time as they are completed and certified by the Authority's consulting engineers, at which time they are transferred to their respective asset category and are then depreciated over their useful lives. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Authority during 2017 and 2016 was \$364,545 and \$365,849, respectively. Of these amounts, \$-0- was included as part of the cost of capital assets under construction for those years.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Parking Lot Improvements	15
Equipment	5-7

During the year ended December 31, 2017, the Authority reevaluated the parking lot improvements and decided to change their estimated useful life from 30 years to 15 years, resulting in additional depreciation expense recognition in the amount of \$157,967.

7. *Net Position*

Restricted net position represents funds segregated in conjunction with a specific purpose. Unrestricted net position represents funds available to be used at the discretion of the Authority for any legally authorized purpose.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Position (Continued)

8. *Net Position Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted - net position is applied.

9. *Use of Estimates*

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

10. *Long-Term Obligations*

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums are deferred and amortized over the life of the debt. Bonds payable are reported net of the applicable unamortized bond premium.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary Accounting*

The Authority annually prepares an operating budget. The budget is prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America. The budgets serve as a plan for expenses and the proposed means for financing them. Unexpended appropriations lapse at year end.

The annual budget is generally approved at least sixty days prior to the beginning of the fiscal year. The budgets must be approved by the Board and submitted to the Division of Local Government Services, Bureau of Authority regulation for approval prior to adoption. Budget adoptions and amendments are recorded in the Authority’s minutes.

Six Year Capital budgets are also prepared. Included within the budget are individual projects along with their estimated cost, completion date and source of funding.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

1. *Budgetary Accounting (Continued)*

The encumbrance method of accounting is utilized by the Authority for budgetary purposes. Under this method purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve a portion of the applicable budget appropriation.

In accordance with accounting principles generally accepted in the United States of America, outstanding encumbrances at year-end for which goods or services are received, are classified to expenses and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are either cancelled or are included as re-appropriations of fund equity for the subsequent year. Encumbrances at year-end in funds that are budgeted on a project basis automatically carry forward along with their related appropriations and are not subject to annual cancellations and re-appropriations.

2. *Revenues*

Revenues from user charges are recognized on the accrual basis when earned. Grants received are recognized as revenue when the resources are expended for the purpose specified in the grant agreement. Grant funds received and the related program income not yet expended are reported as deferred revenue.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Authority is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. GUDPA requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. At December 31, 2017 and 2016, the book value of the Authority's deposits were \$2,645,766 and \$2,079,801 and bank balances of the Authority's cash and deposits amounted to \$2,620,952 and \$2,080,894.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

The Authority’s deposits which are displayed on the statement of net assets as “cash and cash equivalents” are categorized as:

<u>Depository Account</u>	<u>Bank Balances at December 31,</u>	
	<u>2017</u>	<u>2016</u>
Insured	<u>\$2,620,952</u>	<u>\$2,080,894</u>

Investments

New Jersey statutes permit the Authority to purchase the following types of investments:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America.
- b. Government Money Market Mutual Funds.
- c. Any obligations that a federal agency or a federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest.
- d. Bonds or other obligations of the Authority or bonds or other obligations of school districts, which are within the Authority’s jurisdiction.
- e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- f. Local Government investment pools.
- g. Agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1(8a-8e).

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2017 and 2016, the Authority had the following investments:

	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's Trust Department not in Authority Name U.S. Government Security Mutual Funds:		
Restricted	<u>\$599,416</u>	<u>\$621,410</u>
Investments Reported as "Cash and Cash Equivalents"	<u>\$599,416</u>	<u>\$621,410</u>

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2017 and 2016 were as follows:

	Balance January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>
Capital assets, not being depreciated:				
Land	\$3,816,900	\$ -	\$ -	\$3,816,900
Total capital assets, not being depreciated	<u>3,816,900</u>	<u>-</u>	<u>-</u>	<u>3,816,900</u>
Capital assets, being depreciated:				
Buildings	9,102,807	-	-	9,102,807
Parking Lot Improvements	919,439	-	-	919,439
Equipment	<u>1,231,147</u>	<u>38,142</u>	<u>-</u>	<u>1,269,289</u>
Total capital assets being depreciated	<u>11,253,393</u>	<u>38,142</u>	<u>-</u>	<u>11,291,535</u>
Less accumulated depreciation for:				
Buildings	(1,448,379)	(183,723)	-	(1,632,102)
Parking Lot Improvements	(718,079)	(161,682)	-	(879,761)
Equipment	<u>(1,036,442)</u>	<u>(43,345)</u>	<u>-</u>	<u>(1,079,787)</u>
Total accumulated depreciation	<u>(3,202,900)</u>	<u>(388,750)</u>	<u>-</u>	<u>(3,591,650)</u>
Total capital assets, being depreciated, net	<u>(3,202,900)</u>	<u>(388,750)</u>	<u>-</u>	<u>(3,591,650)</u>
Total capital assets, net	<u>\$11,867,393</u>	<u>\$(350,608)</u>	<u>\$ -</u>	<u>\$11,516,785</u>

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 4 CAPITAL ASSETS (Continued)

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016
Capital assets, not being depreciated:				
Land	\$3,816,900	\$ -	\$ -	\$3,816,900
Total capital assets, not being depreciated	<u>3,816,900</u>	<u>-</u>	<u>-</u>	<u>3,816,900</u>
Capital assets, being depreciated:				
Buildings	9,067,069	35,738	-	9,102,807
Parking Lot Improvements	919,439	-	-	919,439
Equipment	<u>1,226,225</u>	<u>4,922</u>	<u>-</u>	<u>1,231,147</u>
Total capital assets being depreciated	<u>11,212,733</u>	<u>40,660</u>	<u>-</u>	<u>11,253,393</u>
Less accumulated depreciation for:				
Buildings	(1,266,838)	(181,541)	-	(1,448,379)
Parking Lot Improvements	(687,432)	(30,647)	-	(718,079)
Equipment	<u>(993,764)</u>	<u>(42,678)</u>	<u>-</u>	<u>(1,036,442)</u>
Total accumulated depreciation	<u>(2,948,034)</u>	<u>(254,866)</u>	<u>-</u>	<u>(3,202,900)</u>
Total capital assets, being depreciated, net	<u>(2,948,034)</u>	<u>(254,866)</u>	<u>-</u>	<u>(3,202,900)</u>
Total capital assets, net	<u>\$12,081,599</u>	<u>\$(214,206)</u>	<u>\$ -</u>	<u>\$11,867,393</u>

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 5 LONG-TERM DEBT

Revenue Bonds

The Parking Revenue Bonds, Series 2006 of the Parking Authority of the Town of West New York were issued pursuant to a general bond resolution of the Authority authorizing the issuance of the Series 2006 Bonds. The bonds were issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the bonds is payable on January and July 1 of each year, commencing January 1, 2007. The issue matures annually beginning July 1, 2008 through 2024. The Bonds maturing on July 1, 2030 and 2036 are subject to mandatory sinking fund redemptions beginning July 1, 2025 through 2036. Interest is paid semiannually at interest rates ranging from 3.5% to 5%.

The Series 2006 bonds were being issued to provide funds to finance the construction of parking decks in the Town of West New York. In conjunction with this bond project, there are approximately \$3,000,000 in available grants for completion of the construction projects of the parking decks, upon satisfaction of the terms and the conditions of the grant agreements.

The principal and interest on the Series 2006 Bonds is fully and unconditionally secured by the guarantee of the Town of West New York pursuant to Section 22 of the N.J.S.A. 40:11A-42.

The Authority's long-term portion of revenue bonds as of December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Revenue Bonds	\$7,005,000	\$7,240,000
Less: Current Portion of Revenue Bonds Payable	(240,000)	(235,000)
Add: Unamortized Premium	<u>123,822</u>	<u>130,515</u>
Net Long-Term Portion of Revenue Bonds Payable	<u><u>\$6,888,822</u></u>	<u><u>\$7,135,515</u></u>

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 5 LONG-TERM DEBT (Continued)

The changes in the Authority's long-term debt during the years ended December 31, 2017 and 2016 were as follows:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Revenue Bonds	\$7,240,000	\$ -	\$235,000	\$7,005,000	\$240,000
Add: Unamortized Premium	<u>130,515</u>	<u>-</u>	<u>6,693</u>	<u>123,822</u>	<u>-</u>
Total Revenue Bonds-Net	7,370,515	-	241,693	7,128,822	240,000
Obligations Under Capital Leases*	<u>956,156</u>	<u>-</u>	<u>106,438</u>	<u>849,718</u>	<u>111,527</u>
Long-Term Liabilities	<u>\$8,326,671</u>	<u>\$ -</u>	<u>\$348,131</u>	<u>\$7,978,540</u>	<u>\$351,527</u>
	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Revenue Bonds	\$7,465,000	\$ -	\$225,000	\$7,240,000	\$235,000
Add: Unamortized Premium	<u>137,208</u>	<u>-</u>	<u>6,693</u>	<u>130,515</u>	<u>-</u>
Total Revenue Bonds-Net	7,602,208	-	231,693	7,370,515	235,000
Obligations Under Capital Leases*	<u>1,074,950</u>	<u>-</u>	<u>118,794</u>	<u>956,156</u>	<u>106,439</u>
Long-Term Liabilities	<u>\$8,677,158</u>	<u>\$ -</u>	<u>\$350,487</u>	<u>\$8,326,671</u>	<u>\$341,439</u>

*See Note 6 and 7

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 5 LONG-TERM DEBT (Continued)

The Authority's schedule of principal and interest for long-term debt issued and outstanding as of December 31, 2017 is as follows:

Period Ending December 31,	Revenue Bonds		Total
	Principal	Interest	
2018	\$240,000	\$333,394	\$573,394
2019	250,000	323,794	573,794
2020	260,000	313,794	573,794
2021	270,000	303,394	573,394
2022	285,000	292,256	577,256
2023-2027	1,610,000	1,264,713	2,874,713
2028-2032	2,050,000	827,500	2,877,500
2033-2036	2,040,000	261,250	2,301,250
	<u>\$7,005,000</u>	<u>\$3,920,095</u>	<u>\$10,925,095</u>

NOTE 6 LEASE FINANCING AGREEMENT

On June 15, 1997, the Authority entered into a lease financing agreement, through the Town of West New York, with the Hudson County Improvement Authority (HCIA). The agreement is for the HCIA to provide funding to the Town of West New York for various real estate rehabilitation and improvement projects within the Town of West New York.

The Authority, as a participant in the agreement, has received funding of \$2,200,000 from the HCIA for the acquisition of certain land and construction of the 51st/52nd Street lot, a 178 space parking facility. In consideration for the funding received, the Authority will lease the land to the HCIA and then in turn lease the entire completed facility, land and improvements, from the HCIA for a term to expire July 1, 2025.

Upon the satisfaction of certain criteria, which must include the approval of the Town of West New York, the Authority can elect to purchase the facility from the HCIA. Under the terms of the agreement, it is estimated that the exercise date of the purchase option would be July 1, 2025, the expiration date of the original lease term. The Authority will receive significant credit for the value of net minimum lease payments made to such date to be applied toward the option purchase price. As such, this agreement has been recorded as a capital lease obligation, the terms and conditions of which are detailed in Note 7.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 7 CAPITAL LEASE OBLIGATION

The Authority is the lessee of land and improvements thereto, referred to as the 51st/52nd Street lot, under a capital lease which expires July 1, 2025 (See Note 6).

On December 6, 2013, the Authority entered into a 3 year agreement to lease electronic parking pay station equipment requiring monthly payments in the amount of \$1,661. The lease term begins on January 4, 2014 and expired on December 4, 2016.

On November 15, 2015, the Authority entered into a lease financing agreement with Municipal Capital Finance for the purchase of a photocopier. The lease agreement requires monthly payments of \$147 for 60 months with a purchase option of \$0. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments.

The assets are depreciated over their estimated productive lives, which is 5 to 7 years for equipment and 10 years for property improvements. Depreciation expense of assets under these capital leases in the financial statements amounted to \$9,334 and \$5,914 for the years ended December 31, 2017 and 2016, respectively.

The capital lease obligation for the years ended December 31, 2017 and 2016 was \$106,438 and \$118,794, respectively.

Minimum future lease payments under these capital leases as of December 31, 2017 for each of the next five years and in the aggregate are:

Year Ended December 31:	
2018	\$151,723
2019	146,223
2020	145,472
2021	143,000
2022	141,896
2023-2024	<u>279,481</u>
Total minimum lease payments	1,007,795
Less: Amount representing interest	<u>(158,077)</u>
Present Value of Net Minimum Lease Payments	<u>\$849,718</u>

The initial interest rate on the capital lease with the HCIA was 5% and was based on the HCIA's borrowing rate at the inception of the lease. The future minimum lease payments included above assume a 5% interest rate. However, as of the date of the Agreement, the interest rate payable on the outstanding principal is reset weekly by the Remarketing Agent for the HCIA Pooled Loan Program. The average interest rate for the years ended December 31, 2017 and 2016 were 3.6203% and 2.5537%, respectively.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 7 CAPITAL LEASE OBLIGATION (Continued)

The total minimum lease payments do not include certain other rental payments that will be paid under the lease. Such additional rental payments will be based upon administrative and financing costs incurred by the lessor.

The capital assets acquired through capital leases are as follows:

	<u>2017</u>	<u>2016</u>
Land	\$1,538,779	\$1,538,779
Machinery and Equipment	189,670	189,670
Less: Accumulated Depreciation	<u>(157,767)</u>	<u>(144,812)</u>
	<u>\$1,570,682</u>	<u>\$1,583,637</u>

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement system (retirement system) covering substantially all state and local government employees which includes those Authority employees who are eligible for pension coverage. As of April 30, 2018, which is the date these financial statements were available to be issued, the most recent financial reports available from the New Jersey Division of Pension and Benefits (the "Division") for the State pension information in this note were for the fiscal year ended June 30, 2016. The Authority has been instructed by the Division to continue to use the same pension information from the reports for the fiscal year ended June 30, 2016 until the updated information becomes available.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage. Membership eligibility is determined according to the following tier structure:

- Tier 1: Employees enrolled before July 1, 2007.
- Tier 2: Employees eligible for enrollment after June 30, 2007 but before November 2, 2008
- Tier 3: Employees eligible for enrollment after November 1, 2008 but before May 22, 2010.
- Tier 4: Employees eligible for enrollment after May 21, 2010 but before June 28, 2011.
- Tier 5: Employees eligible for enrollment after June 27, 2011.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Tier 1 and 2 employees who retire at or after age 60 are entitled to a retirement benefit determined by the formula “years of service” divided by 55 times the average of the highest three years salary.

Tier 3 employees who retire at or after age 62 are entitled to a retirement benefit determined by the formula “years of service” divided by 55 times the average of the highest three years salary.

Tier 4 and 5 employees who retire at the minimum age; 62 and 65 for Tier 4 and Tier 5, respectively, are entitled to a retirement benefit determined by the formula “years of service” divided by 60 times the average of the highest five years salary.

PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017 and 2016 the Authority’s net pension liability for PERS was \$2,188,016 and \$2,188,016, respectively.

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, Authority’s PERS proportion was 0.0074%, which was an increase of 0.0023% from its proportion measured as of June 30, 2015. At June 30, 2015, Authority’s PERS proportion was 0.0074%, which was an increase of 0.0023% from its proportion measured as of June 30, 2015.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

For the years ended December 31, 2017 and 2016, the Authority recognized PERS pension expense of \$-0- and \$200,438, respectively. At December 31, 2017 and 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and accrual experience	\$40,690	\$ -	\$40,690	\$ -
Changes in assumptions	453,240	-	453,240	-
Net differences between projected and actual investment earnings on pension plan investments	83,431	-	83,431	-
Changes in proportion	426,862	149,848	426,862	149,848
Authority contributions subsequent to measurement date	-	-	-	-
Total	\$1,004,223	\$149,848	\$1,004,223	\$149,848

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
2018	\$193,350
2019	193,350
2020	221,039
2021	184,973
2022	61,663
Total	\$854,375

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases: Through 2026	1.65 – 4.15% Based on age
Thereafter	2.65 - 5.15% Based on age
Investment rate of return	7.65%

Mortality rates were based on the RP-2000 Combined Health 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 2013 based on Projections 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 actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 the experience deviates, the larger the impact on future financial statements.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
US Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.5%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, 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 based on the average of the last five years of condition 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 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the Authority's proportionate share of the net pension liability as of June 30, 2016, 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% lower or 1% higher than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
The Authority's proportionate share of PERS net pension liability	\$2,622,127	\$2,188,016	\$1,830,005

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PERS is funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of the retirement system will be assumed by the State of New Jersey should the retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the retirement system and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement system are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement system. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement system.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for PERS is 57 percent with an unfunded actuarial accrued liability of \$22.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 38 percent and \$13.9 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 71 percent and \$8.8 billion, respectively.

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return of 7.65 percent; and (b) a projected salary increase range of 1.65 – 5.15 percent.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Member contribution rates were established by P.L. 2011, c.78. Contribution rates at December 31, 2017 and 2016 were 7.34% and 7.20%, respectively. Employers are required to contribute to the plan at an actuarially determined rate. The State bills the Authority annually for its required contribution.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

For PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

During the years ended December 31, 2017, 2016, and 2015, the Authority was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each year:

<u>Year Ended December 31,</u>	<u>PERS</u>
2017	\$66,570
2016	\$65,631
2015	\$43,965

NOTE 9 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

The Town of West New York sponsors and administers a post-employment healthcare plan (“the Plan”) for its eligible retirees, spouses and dependents and for the Authority. The plan is a single-employer defined benefit healthcare plan administered by the Town. In accordance with Town ordinances, contracts and/or policies, the Town provides medical and prescription benefits to retirees and their covered eligible dependents including retirees of the Authority. The Town and the Authority pays the full cost for eligible retirees, spouses and dependents. All active employees who retire directly from the Town and the Authority and meet the eligibility criteria may participate. Additional information regarding the Plan can be found in the audit of the Town of West New York.

Funded Status and Funding Progress

Latest report as of December 31, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$121,785,247, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$121,785,247.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 9 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expense) which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7.5 percent of pre-Medicare medical benefits and 5 percent post-Medicare medical benefits. The UAAL is being amortized as a level dollar amount using an open period of 30 years.

Post Retirement Medical Benefits Contributions

The Town sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The Authority's contributions to the plan for post-retirement benefits for the years ended December 31, 2017, 2016, and 2015 were \$18,769, \$18,648, and \$23,307, respectively, which equaled the required contributions.

NOTE 10 ACCRUED COMPENSATION ABSENCES

Under the existing policies of the Authority, employees are not allowed to accumulate unused sick leave and vacation benefits over the life of their working careers.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 TOWN OF WEST NEW YORK DEBT GUARANTY

On October 4, 2006 the Town of West New York adopted an ordinance to provide an unconditional guaranty in an amount not to exceed \$9,000,000. The Guaranty provides for the payment of the principal of and interest on bonds and/or notes issued by the Authority for the purpose of the Project as defined in Note 5.

NOTE 12 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to general liability, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has obtained insurance coverage to guard against these events which will provide minimum exposure to the Authority should they occur.

NOTE 13 OPERATING LEASE

On March 15, 2000, the Parking Authority of the Town of West New York entered into an agreement to lease office facilities for a 15-year period with the West New York Housing Corporation, a New Jersey Not-for-Profit Corporation. The Authority will rent commercial office space at a minimum annual rental of \$42,000 with adjustments on the fifth (5th) and tenth (10th) anniversaries of the lease to the then market rate for the rental of the premises. The maximum increase of base rent will not exceed 3% of the previous minimum net rent. The Authority is also responsible for its pro-rata share of pass-through expenses, such as real estate taxes, insurance, maintenance and other expenses. Total rent expense for each of the years ended December 31, 2017 and 2016 was \$42,000. The Authority is in negotiation with the West New York Housing Corporation to renew their lease agreement. Until an agreement is to be reached, the Authority will continue to make same amount of monthly payments.

NOTE 14 RELATED PARTIES

The Town of West New York provides health insurance coverage for the Authority's employees. On a monthly basis the Town bills the Authority for the cost of insurance using standard cobra rates provided by the Towns insurance administrator. The total cost of insurance billed and paid by the Authority was \$283,418 in 2017 and \$269,865 in 2016. The amount due to the Town at December 31, 2017 and 2016 was \$-0-.

**PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Authority is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2017 and 2016, the Authority has calculated that there are no estimated arbitrage earnings due to the IRS.

NOTE 16 DATE OF MANAGEMENT'S REVIEW

Management has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through April 30, 2018, the date the financial statements were available for issuance. The evaluation did not result in any subsequent events that necessitated disclosure and/or adjustments.

SUPPLEMENTARY SCHEDULES

PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
SCHEDULE OF REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
BUDGETARY BASIS

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Parking Meters -		
Parking Lots		
Madison & 59th Streets	\$76,922	\$71,518
Van Buren and 62nd Streets	49,571	41,942
57th and 58th Streets	103,622	77,673
63rd Street	39,892	42,757
67th Street	36,049	34,350
Park Avenue and 54th Street	24,035	23,773
Park Avenue and 66th Street	43,825	40,202
51st/52nd Streets	84,560	63,540
55th Hudson Avenue	18,986	17,971
62nd Street Garage	28,314	34,029
Triangle	<u>5,279</u>	<u>6,238</u>
Total Parking Lots Meters	511,055	453,993
On Street	<u>900,113</u>	<u>824,945</u>
Total Parking Meters	1,411,168	1,278,938
Parking Permits	1,053,407	935,413
Fine Revenue	<u>492,268</u>	<u>480,739</u>
Total Operating Revenues	<u>2,956,843</u>	<u>2,695,090</u>
NON-OPERATING REVENUES		
Interest Income	9,520	4,705
Other Income	<u>48,600</u>	<u>61,876</u>
Total Non-Operating Revenues	<u>58,120</u>	<u>66,581</u>
Total Revenues	<u><u>\$3,014,963</u></u>	<u><u>\$2,761,671</u></u>

PARKING AUTHORITY OF THE TOWN OF WEST NEW YORK
SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017
BUDGETARY BASIS

(With comparative actual amounts for the fiscal year ended December 31, 2016)

	2017 Budget	2017 Actual	Variance Excess (Deficit)	2016 Actual
OPERATING REVENUES				
Operating Revenues				
Parking Meters	\$1,192,900	\$1,411,168	\$218,268	\$1,278,938
Parking Permits	950,600	1,053,407	102,807	935,413
Fine Revenue	461,100	492,268	31,168	480,739
Total Revenues	<u>2,604,600</u>	<u>2,956,843</u>	<u>352,243</u>	<u>2,695,090</u>
NON-OPERATING REVENUES				
Interest on Investments	2,800	9,520	6,720	4,705
Other Non-Operating Revenues	48,600	48,600	-	61,876
Total Non-Operating Revenues	<u>51,400</u>	<u>58,120</u>	<u>6,720</u>	<u>66,581</u>
Total Revenues	<u>2,656,000</u>	<u>3,014,963</u>	<u>358,963</u>	<u>2,761,671</u>
OPERATING EXPENSES				
Salaries and Wages	791,500	802,430	(10,930)	691,459
Fringe Benefits	389,393	448,016	(58,623)	600,828
Other Expenses	747,000	570,579	176,421	595,582
Total Operating Expenses	<u>1,927,893</u>	<u>1,821,025</u>	<u>106,868</u>	<u>1,887,869</u>
NON-OPERATING EXPENSE:				
Principal Payment - Capital Lease	105,000	106,438	(1,438)	118,794
Principal Payment - Bond Payable	235,000	235,000	-	225,000
Interest Expense - Capital Lease	45,313	33,144	12,169	25,535
Interest Expense - Bond Payable	342,794	338,094	4,700	347,013
Total Non-Operating Expense	<u>728,107</u>	<u>712,676</u>	<u>15,431</u>	<u>716,342</u>
Total Expenses	<u>2,656,000</u>	<u>2,533,701</u>	<u>122,299</u>	<u>2,604,211</u>
Budgetary Income (Loss)	<u>\$0</u>	481,262	<u>\$236,664</u>	157,460
Reconciliation to GAAP Basis:				
Amortization of Original Issue Premium		6,693		6,693
Depreciation Expense		(388,750)		(254,866)
Principal Paid on Debt		341,438		343,794
Change in Net Position - GAAP Basis		<u>\$440,643</u>		<u>\$253,081</u>

GOVERNMENT AUDITING STANDARDS



Certified Public Accountants LLC

Helder Mendonca, CPA
Robert G. D'Uva, CPA
Amedeo Luongo, CPA
João P. Santos, CPA

...Your Business, Our Passion!

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

Honorable Chairperson and Members of the Board of Commissioners
Parking Authority of the Town of West New York
West New York, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 Town of West New York, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Parking Authority of the Town of West New York's basic financial statements, and have issued our report thereon dated April 30, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parking Authority of the Town of West New York'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 Parking Authority of the Town of West New York'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 Parking Authority of the Town of West New York's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mendence + Partners, CPA, LLC

Union, New Jersey
April 30, 2018

ROSTER OF OFFICIALS

AT DECEMBER 31, 2017

<u>Name</u>	<u>Title</u>
Sixto Cardenas	Commissioner (Chairman)
Armando Alvarez	Commissioner (Vice Chairman)
Elizabeth Hernandez	Commissioner
Adam Cruz	Commissioner
Anthony Gomez	Commissioner
Amiris E. Perez	Executive Director
Christopher Adams	General Counsel

GENERAL COMMENTS AND RECOMMENDATIONS

Comments

Current Year

There are none.

Appreciation

We desire to express our appreciation of the assistance of the Executive Director, CFO and Board of Commissioners, during the course of the audit.

RECOMMENDATIONS

There are none.

* * * * *

Status of Prior Year's Audit Findings/Recommendations

There are none.