

**PARKING AUTHORITY OF THE
TOWNSHIP OF TOMS RIVER**
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)

Financial Statements and Supplementary Information

For the years ended December 31, 2020 and 2019

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Financial Statements and Supplementary Information
For the years ended December 31, 2020 and 2019

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(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Financial Statements and Supplementary Information
For the years ended December 31, 2020 and 2019

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Certified Public Accountants + Advisors

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INDEPENDENT AUDITOR'S REPORT

The Chairman and Commissioners of the
Parking Authority of the Township of Toms River
33 Washington Street
Toms River, NJ 08753

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Parking Authority of the Township of Toms River, a component unit of the Township of Toms River, County of Ocean, State of New Jersey, as of and for the years ended December 31, 2020 and 2019, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits 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 auditors' 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

On June 25, 2020, the Authority voted to terminate providing health benefits to future retirees; however the Authority will still provide health benefits to any retiree who is currently receiving this benefit. This is a significant change to the plan and would require an updated actuarial valuation for other postemployment benefits. The Authority did not obtain an updated actuarial valuation for other postemployment benefit obligations for the year ended December 31, 2020. Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Parking Authority of the Township of Toms River, a component unit of the Township of Toms River, County of Ocean, State of New Jersey as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Parking Authority of the Township of Toms River Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Parking Authority of the Township of Toms River will continue as a going concern. As discussed in Note 13 to the financial statements, the Parking Authority of the Township of Toms River's financial statements show a decrease in net position of \$249,059 during the year ended December 31, 2020 and the Authority's current liabilities exceeded current assets by \$739,230. The COVID-19 pandemic has negatively impacted the Authority's ability to generate revenue (See Note 14). Those factors, as well as the uncertain conditions that the Authority faces regarding its future liabilities owed to New Jersey Transit (as discussed in Note 14) and the ability to fund its current pension liability raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

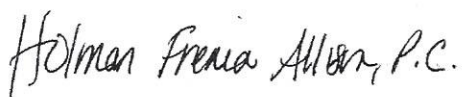
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the Township of Toms River's basic financial statements. The accompanying supplementary schedules of revenues, expenses and changes in net position – restricted and unrestricted and operating expenses – restricted and unrestricted, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of modified revenues and expenses – unrestricted budget to actual, are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

The accompanying supplementary schedules, as 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 on our consideration of the Parking Authority of the Township of Toms River's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Parking Authority of the Township of Toms River's internal control over financial reporting and compliance.



HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

December 1, 2021
Lakewood, New Jersey



Certified Public Accountants + Advisors

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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Chairman and Commissioners of the
Parking Authority of the Township of Toms River
33 Washington Street
Toms River, NJ 08753

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 and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business type activities of the Parking Authority of the Township of Toms River, a component unit of the Township of Toms River, County of Ocean, State of New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Parking Authority of the Township of Toms River's basic financial statements, and have issued our report thereon dated .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Parking Authority of the Township of Toms River'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 Township of Toms River's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parking Authority of the Township of Toms River'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, as described in finding 2020-01 in the general comments and recommendations that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parking Authority of the Township of Toms River'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* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

December 1, 2021
Lakewood, New Jersey

PARKING AUTHORITY
of the Township of Toms River
33 Washington Street, P.O. Box 1269
Toms River, NJ 08754
732-240-2800



OFFICE OF THE COMMISSIONERS

Tariq Siddiqui, Chairman
William Beining, Vice Chairman
Norvella Lightbody, Secretary

Richard J. Banach, Treasurer
Brenda Tutela, Vice Treasurer
Michael Sutton, Commissioner

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of the Parking Authority of the Township of Toms River's (the "Parking Authority") financial activities for the fiscal year ended December 31, 2020 as compared to the prior years. It should be read in conjunction with the accompanying financial statements.

Financial Statements

The financial statement included in this report are the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows as of and for the years ended December 31, 2020 and 2019.

The Statements of Net Position shows the financial position of the Parking Authority at December 31st of 2020. Assets are compared with liabilities and net position is the result.

The Statement of Revenues, Expenses and Changes in Net Position measure performance for each year and how this performance impacts the net assets of the Parking Authority.

Finally, the Statements of Cash Flows demonstrates why cash balances increased or decreased during the two years shown on this report.

Financial Analysis

The Parking Authority at December 31, 2020, has total assets and deferred outflows of resources of \$1,518,527 compared to \$1,720,163 at December 31, 2019. This decrease can be primarily attributed to the increase in deferred outflows related to other postemployment benefits and the decrease in restricted cash and cash equivalents. The Parking Authority at December 31, 2019 had total assets and deferred outflows of resources of \$1,720,163 compared to \$1,426,043 at December 31, 2018. This increase can be primarily attributed to the increase in cash.

The Parking Authority at December 31, 2020 has total liabilities and deferred inflow of resources of \$6,500,594 compared to \$6,453,171 at December 31, 2019. The majority of this increase is due to the increase in net other postemployment benefits liability. The Parking Authority at December 31, 2019 had total liabilities and deferred inflow of resources of 6,453,171 compared to \$5,898,795 at December 31, 2018. The majority of this increase is due to the increase in net other postemployment benefits liability.

The Parking Authority at December 31, 2020 has total net position of \$(4,982,067) compared to \$(4,733,008) at December 31, 2019. The decrease in net position is mainly due to operating expenses exceeding operating revenues resulting in an operating loss. The Parking Authority at December 31, 2019 has total net position of \$(4,733,008) compared to \$(4,472,752) at December 31, 2018. The decrease in net position is mainly due to operating expenses exceeding operating revenues resulting in an operating loss.

The Parking Authority has a net loss of \$249,059 for the year ended December 31, 2020. The majority of this loss is attributable to the effects of the COVID-19 pandemic on the Parking Authority as bus ticket commissions and meter revenue decreased by \$516,444. The Parking Authority has a net loss of \$260,256 for the year ended December 31, 2019. Part of this net loss is attributed to \$51,267 of unbudgeted pension expense and \$187,333 of unbudgeted other postemployment benefit expense as a result of the increase in the net other postemployment benefits liability related to GASB Statement No. 75. The remaining part of the net loss is attributed to higher cost of providing services and administrative and general expenses, which exceed operating revenues. The Parking Authority has a net loss of \$254,457 for the year ended December 31, 2018. Part of this net loss is attributed to \$85,320 of unbudgeted pension expense as a result of the increase in the net pension liability related to GASB Statement No. 68. Additionally, part of this loss is attributed to \$158,677 of unbudgeted other postemployment benefit expense as a result of the increase in the net other postemployment benefits liability related to GASB Statement No. 75. The remaining part of the net loss is attributed to higher cost of providing services and administrative and general expenses, which exceed operating revenues.

Condensed Financial Information

Key Parking Authority financial information for the years ended December 31, 2020, 2019 and 2018 includes the following balances:

	ASSETS		
	2020	2019	2018
Unrestricted current assets	\$ 94,858	\$ 57,709	\$ 322,157
Restricted current assets	28,101	88,675	130,523
Property, plant and equipment, net of depreciation	419,044	469,013	526,574
Total assets	<u>542,003</u>	<u>615,397</u>	<u>979,254</u>
	DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows related to pensions	123,201	251,443	446,789
Deferred outflows related to other postemployment benefits	853,323	853,323	-
Total deferred outflow of resources	<u>976,524</u>	<u>1,104,766</u>	<u>446,789</u>
Total assets and deferred outflow of resources	<u>\$ 1,518,527</u>	<u>\$ 1,720,163</u>	<u>\$ 1,426,043</u>

Condensed Financial Information (continued)

LIABILITIES			
Current liabilities payable from current unrestricted assets	\$ 806,542	\$ 525,539	\$ 813,037
Current liabilities payable from current restricted assets	55,647	57,621	53,727
Non-current liabilities	<u>5,030,345</u>	<u>5,363,865</u>	<u>4,571,064</u>
Total liabilities	<u>5,892,534</u>	<u>5,947,025</u>	<u>5,437,828</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to pensions	<u>608,060</u>	<u>506,146</u>	<u>460,967</u>
Total deferred inflow of resources	<u>608,060</u>	<u>506,146</u>	<u>460,967</u>
NET POSITION			
Investments in capital assets, net of related debt	298,450	290,959	274,829
Reserved for New Jersey Transit contingency funds	(189,432)	(108,009)	(74,122)
Unrestricted	<u>(5,091,085)</u>	<u>(4,915,958)</u>	<u>(4,673,459)</u>
Total net position	<u>(4,982,067)</u>	<u>(4,733,008)</u>	<u>(4,472,752)</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 1,518,527</u>	<u>\$ 1,720,163</u>	<u>\$ 1,426,043</u>

Other Financial Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total operating and non-operating revenues	\$ 581,883	\$ 1,213,879	\$ 1,229,075
Total operating and non-operating expenses	<u>829,942</u>	<u>1,474,135</u>	<u>1,483,542</u>
Change in net position	<u>\$ (248,059)</u>	<u>\$ (260,256)</u>	<u>\$ (254,467)</u>
Meter revenues	\$ 220,695	\$ 535,915	\$ 553,042
Note principal paid	\$ 57,460	\$ 73,691	\$ 76,266

Parking Authority 2020 operating revenues had a favorable variance of \$9,277 when compared to the budget for 2020 due to higher than expected meters, decals, and fines. Parking Authority 2019 operating revenues had an unfavorable variance of \$18,484 when compared to the budget for 2019 due to lower than expected meters, decals, and fines. Parking Authority 2018 operating revenues had an unfavorable variance of \$25,204 when compared to the budget for 2018 due to lower than expected meters, decals, fines and bus ticket commissions.

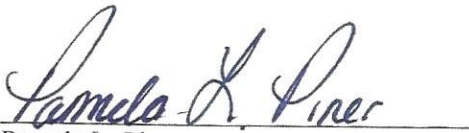
Parking Authority 2020 operating expenses had an unfavorable variance of \$17,847 when compared to the budget for 2020 due to higher expenses associated with providing services and higher general and administrative expenses than were budgeted for. Parking Authority 2019 operating expenses had an unfavorable variance of \$3,571 when compared to the budget for 2019 due to higher expenses associated with providing services and higher general and administrative expenses than were budgeted for. Parking Authority 2018 operating expenses had a favorable variance of \$14,434 when compared to the budget for 2018 due to lower expenses associated with providing services and lower general and administrative expenses than were budgeted for.

Parking Authority 2020 non-operating revenues had a favorable variance of \$5,140 when compared to the budget for 2020 mainly due to miscellaneous income. Parking Authority 2019 non-operating revenues had an unfavorable

variance of \$718 when compared to the budget for 2019 mainly due to budgeted ATM surcharge revenue. Parking Authority 2018 non-operating revenues had a favorable variance of \$7,449 when compared to the budget for 2018 due to higher than expected vending commissions, miscellaneous income, and lower than expected interest expense.

The Parking Authority's financial report is designed to provide users of the financial statements with a general overview of the Parking Authority's finances and to show the Parking Authority's accountability for the money it receives. The financial statements of the Parking Authority are a matter of public record and may be examined at 33 Washington Street, Toms River, New Jersey, during the Parking Authority's business hours.

Respectfully submitted,

A handwritten signature in cursive script that reads "Pamela L. Piner". The signature is written in black ink and is positioned above a horizontal line.

Pamela L. Piner
Executive Director

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Net Position
December 31, 2020 and 2019

ASSETS	2020	2019
Current unrestricted assets:		
Cash	\$ 80,268	\$ 41,533
Accounts receivable	10,589	8,781
Inventory	2,348	2,693
Prepaid expenses	1,653	4,702
Total current unrestricted assets	94,858	57,709
Current restricted assets:		
Cash	27,807	88,510
Prepaid expenses	294	165
Total current restricted assets	28,101	88,675
Capital assets, net	419,044	469,013
Total assets	542,003	615,397
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows related to pensions	123,201	251,443
Deferred outflows related to other postemployment benefits	853,323	853,323
Total deferred outflow of resources	976,524	1,104,766
Total assets and deferred outflow of resources	\$ 1,518,527	\$ 1,720,163

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Net Position (continued)
December 31, 2020 and 2019

LIABILITIES	<u>2020</u>	<u>2019</u>
Current unrestricted liabilities:		
Accounts payable and accrued expenses	\$ 81,297	\$ 24,488
Pensions payable	154,179	117,106
Unearned revenue	36,605	40,009
Bus fees payable	481,809	278,929
Current portion of notes payable	<u>52,652</u>	<u>65,007</u>
Total current unrestricted liabilities	<u>806,542</u>	<u>525,539</u>
Current restricted liabilities:		
Accounts payable and other accrued expenses	42,072	10,391
Unearned revenue	<u>13,575</u>	<u>47,230</u>
Total current restricted liabilities	<u>55,647</u>	<u>57,621</u>
Long-term unrestricted liabilities:		
Compensated absences	34,176	53,077
Notes payable, net of current portion	67,942	113,047
Net pension liability	822,053	1,091,567
Net other postemployment benefits liability	<u>4,106,174</u>	<u>4,106,174</u>
Total long-term unrestricted liabilities	<u>5,030,345</u>	<u>5,363,865</u>
Total liabilities	<u>5,892,534</u>	<u>5,947,025</u>
DEFERRED INFLOW OF RESOURCES		
Deferred inflows related to pensions	<u>608,060</u>	<u>506,146</u>
Total deferred inflow of resources	<u>608,060</u>	<u>506,146</u>
NET POSITION		
Net investment in capital assets	298,450	290,959
Restricted for New Jersey Transit contingency funds	(189,432)	(108,009)
Unrestricted net position	<u>(5,091,085)</u>	<u>(4,915,958)</u>
Total net position	<u>(4,982,067)</u>	<u>(4,733,008)</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 1,518,527</u>	<u>\$ 1,720,163</u>

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Revenues, Expenses and Changes in Net Position
For the years ended December 31, 2020 and 2019

	2020	2019
Operating revenues:		
Meters	\$ 220,695	\$ 535,915
Bus ticket commissions	62,752	263,976
Decals	182,451	188,594
Fines	78,995	142,990
Contracts	16,000	16,000
Total operating revenues	560,893	1,147,475
Operating expenses:		
Cost of providing services	538,295	911,228
Administrative and general	269,892	257,869
Depreciation	56,522	57,561
Unbudgeted pension expense/(deficit)	(39,358)	51,267
Unbudgeted other postemployment benefit expense	-	187,333
Total operating expenses	825,351	1,465,258
Operating loss	(264,458)	(317,783)
Non-operating revenues/(expenses):		
Commissions - vending machines, telephone, ATM	10,539	66,056
Interest expense	(5,591)	(8,877)
Insurance claim income	-	100
Miscellaneous income	10,451	248
Total non-operating revenues/(expenses)	15,399	57,527
Change in net position	(249,059)	(260,256)
Net position, January 1	(4,733,008)	(4,472,752)
Net position, December 31	\$ (4,982,067)	\$ (4,733,008)

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Cash Flows
For the years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from customers	\$ 543,016	\$ 1,215,455
Cash paid to suppliers and employees	(495,380)	(1,431,311)
Interest paid	(5,591)	(8,877)
Net cash flows from operating activities	42,045	(224,733)
Cash flows from investing activities:		
Purchases of property and equipment	(6,553)	-
Net cash flows from investing activities	(6,553)	-
Cash flows from financing activities:		
Repayment of long-term debt	(57,460)	(73,691)
Net cash flows from financing activities	(57,460)	(73,691)
Net change in cash	(21,968)	(298,424)
Cash, January 1	130,043	428,467
Cash, December 31	\$ 108,075	\$ 130,043
Per Statements of Net Position:		
Cash - unrestricted	\$ 80,268	\$ 41,533
Cash - restricted	27,807	88,510
Cash, December 31	\$ 108,075	\$ 130,043

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Cash Flows (continued)
For the years ended December 31, 2020 and 2019

	2020	2019
Reconciliation of change in net position to net cash flows from operating activities:		
Change in net position	\$ (249,059)	\$ (260,256)
Items which did not use/(provide) cash:		
Depreciation	56,522	57,561
Unbudgeted pension (credit)/expense	(39,358)	51,267
Unbudgeted other postretirement benefit expense	-	187,333
Working capital changes which (used)/provided cash:		
Accounts receivable	(1,808)	6,192
Inventory	345	1,030
Prepaid expenses	2,920	650
Accounts payable and accrued expenses	88,490	(39,938)
Pension payable	37,073	15,639
Unearned revenue	(37,059)	(4,616)
Bus fees payable	202,880	(244,636)
Compensated absences	(18,901)	5,041
Net cash flows from operating activities	\$ 42,045	\$ (224,733)

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements

NOTE 1: CREATION OF THE PARKING AUTHORITY AND NATURE OF ACTIVITIES

The Parking Authority of the Township of Toms River (the "Parking Authority") is a special governmental unit constituting an instrumentality and component unit of the Township of Toms River. The Parking Authority was created by an ordinance of the Township of Toms River and adopted by the governing body in 1973. The Parking Authority is a public body politic and corporate organized pursuant to Chapter 198, P.L. 1948 (Revised Statutes 40:11A).

The Parking Authority is authorized and empowered, among other things, to own, install, maintain, operate, and manage parking meters and parking lot projects within any nonresidential zone of the Township of Toms River. Additionally, the Parking Authority is authorized to maintain and operate a bus terminal facility at the Toms River Bus Park and Ride Facility. The Parking Authority operates municipal lots and parking garages in the Township of Toms River.

The Parking Authority is a component unit of the primary government of the Township of Toms River. The Township Committee appoints the Commissioners of the Parking Authority for staggering terms of five years. The Parking Authority is also required to seek formal approval of the Township of Toms River to change any meter rates on roads maintained by the Township.

Toms River Bus Park and Ride Facility

Under an agreement with the New Jersey Transit Corporation and the New Jersey Department of Transportation, the Parking Authority is to operate and maintain a Park and Ride Facility, which began operations on January 5, 1983. The Park and Ride Facility maintains a separate set of accounting books for the purpose of reporting to the New Jersey Transit Corporation. The terms of this agreement require the books of the Park and Ride Facility to be maintained on a contractual basis, which prescribes that fixed assets are expensed in the year purchased. The adjustments required to conform the Park and Ride Facility's fund balances to net assets in accordance with accounting principles generally accepted in the United States of America are reflected in the statement of financial position. Therefore, on a combined basis, the net assets of the Parking Authority are stated in accordance with accounting principles generally accepted in the United States of America.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Parking Authority's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Parking Authority applies all Governmental Accounting Standards Board ("GASB") pronouncements as well as Financial Accounting Standards Board statements and interpretations.

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Parking Authority receives value without directly giving equal value in return are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Parking Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Parking Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Use of Estimates

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

Budgetary Accounting

Each year the Parking Authority adopts a budget which is approved by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The budget may be amended by resolution of the Board of Commissioners of the Parking Authority. The budgetary basis of accounting is utilized to determine the Parking Authority has sufficient cash to operate and pay debt service. As such, certain items such as bond payments are included in budgetary expenses while depreciation is not included.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

A portion of the Parking Authority's revenues consists of fines and penalties, parking permits, and ATM surcharges. The related accounts receivable is based on revenue that has been earned but not yet collected. The Parking Authority believes that an allowance for doubtful accounts is not necessary due to its past history of collecting all accounts.

Operating Revenues and Revenue and Cost Recognition

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity to the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities. The Parking Authority recognized meter revenues as they are collected and recognizes all other revenues in accordance with customer agreements. The costs of such services are accrued as incurred.

Cash

New Jersey Authorities are required by *N.J.S.A. 40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. *N.J.S.A. 40A:5-15.1* provides a list of securities which may be purchased by New Jersey authorities. The Parking Authority is required to deposit funds in a public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect government units from a loss of funds on deposit with a failed banking institution in New Jersey. *N.J.S.A. 17:9-42* requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public Funds are defined as the funds of any government unit. Public depositories include banks (both state and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, is available to pay the full amount of their deposits to the government units.

For the Statement of Cash Flows, the Parking Authority combines the unrestricted cash and cash equivalents with the restricted cash and cash equivalents. The Parking Authority considers investments with maturities of three months or less at the time of purchase to be cash equivalents.

Inventory

Inventory consists principally of packaged food and beverages utilized for resale in the vending machines. Inventory is valued at cost, and determined on a first-in, first-out basis. Inventories, which benefit future periods, are recorded as an expenditure during the year of purchase.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are stated at cost. The Parking Authority considers all assets with a cost exceeding \$3,000 and a useful life of more than one year to be capital assets. Depreciation is provided by the straight-line method over the estimated economic useful lives of the assets. Depreciation for the years ended December 31, 2020 and 2019 was \$56,522 and \$57,561, respectively.

The estimated lives of depreciable assets are:

Meters	7-12 years
Machinery and equipment	5-15 years
Furniture and fixtures	3-10 years
Transportation equipment	5-10 years
Facility improvements	5-40 years

Accrued Sick Time

It is the Parking Authority's policy to permit employees to accumulate a limited amount of earned but unused sick time benefits, which will be paid to the employees upon separation from service. The amount of accrued sick time earned but unused and the anticipated payroll tax expense associated with the earned but unused sick time benefits is \$34,176 and \$53,077 at December 31, 2020 and 2019, respectively. This long-term unrestricted liability is included in the financial statements as "compensated absences."

Unearned Revenue

Unearned revenue consists of parking decals purchased in the current year that are to be used in the following year. The revenue will be recognized in the year the parking decal is to be used.

Income Tax Status

The Parking Authority is exempt from Federal income tax under Section 501(c)(1) of the Internal Revenue Code since it was created by virtue of a Township of Toms River ordinance. In addition, the Parking Authority is exempt from State income taxes as a government unit.

Pension & OPEB Section

For purposes of measuring the net pension and other post-employment benefits liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits, and pension and other post-employment benefits expenses, information about the fiduciary net position of the Public Employees' Retirement System ("PERS"), the Other Post-Employment Benefits ("OPEB") and additions to/deductions from the PERS's and OPEB's fiduciary net position have been determined on the same basis as they are reported by the plan. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Parking Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net 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.

In addition to liabilities, the statement of net 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 periods and so will not be recognized as an inflow of resources (revenue) until that time.

Impact of Recently Issued Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended December 31, 2020:

GASB Statement No. 95, Postponement of The Effective Dates of Certain Authoritative Guidance, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Recently Issued Accounting Pronouncements Not Yet Adopted

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued Accounting Pronouncements Not Yet Adopted (continued)

of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 87 is effective for reporting periods beginning after June 15, 2021 (GASB 95). Management has not yet determined the impact of this Statement on the financial statements.

Subsequent Events

The Parking Authority has evaluated subsequent events occurring after the Statement of Net Position date and through December 1, 2021, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The Parking Authority is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2020 and 2019, and reported at fair value, are as follows:

	<u>2020</u>	<u>2019</u>
Deposits:		
Demand deposits	\$ 108,075	\$ 130,043
Total deposits	<u>\$ 108,075</u>	<u>\$ 130,043</u>
 Reconciliation to Statements of Net Position:		
Current assets:		
Cash	\$ 80,268	\$ 41,533
Current restricted assets:		
Cash	<u>27,807</u>	<u>88,510</u>
Total deposits	<u>\$ 108,075</u>	<u>\$ 130,043</u>

Restricted Cash

Restricted cash consisted of the following:

	<u>2020</u>	<u>2019</u>
New Jersey Transit Park & Ride facility	\$ 16,245	\$ 39,603
Funds held with trustee	<u>11,562</u>	<u>48,907</u>
Total	<u>\$ 27,807</u>	<u>\$ 88,510</u>

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Parking Authority's deposits might not be recovered. Although the Parking Authority does not have a formal policy regarding custodial credit risk, *N.J.S.A. 17:9-41* et seq. requires that governmental units shall deposit public

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 3: CASH (continued)

Custodial Credit Risk Related to Deposits (continued)

funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Parking Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Parking Authority relative to the happening of a future condition. If the Parking Authority had any such funds, they would be shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2020 and 2019, the Parking Authority's bank balances were insured or exposed to credit risk as follows:

	<u>2020</u>	<u>2019</u>
Insured by FDIC	\$ 82,206	\$ 250,000
Uninsured and Collateralized with securities held by the pledging bank's trust department	-	365,018
Total	<u>\$ 82,206</u>	<u>\$ 615,018</u>

NOTE 4: CAPITAL ASSETS

Capital assets at December 31, 2020 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 153,250	\$ -	\$ -	\$ 153,250
Total capital assets not being depreciated	<u>153,250</u>	<u>-</u>	<u>-</u>	<u>153,250</u>
Meters	503,585	-	-	503,585
Machinery and equipment	173,161	6,553	-	179,714
Furniture and fixtures	25,594	-	-	25,594
Transportation equipment	155,952	-	-	155,952
Facility improvements	338,073	-	-	338,073
Totals at historical cost	<u>1,196,365</u>	<u>6,553</u>	<u>-</u>	<u>1,202,918</u>
Less accumulated depreciation:	<u>(880,602)</u>	<u>(56,522)</u>	<u>-</u>	<u>(937,124)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>315,763</u>	<u>(49,969)</u>	<u>-</u>	<u>265,794</u>
Government activities capital assets, net	<u>\$ 469,013</u>	<u>\$ (49,969)</u>	<u>\$ -</u>	<u>\$ 419,044</u>

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
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Notes to Financial Statements (continued)

NOTE 4: CAPITAL ASSETS (continued)

Capital assets at December 31, 2019 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 153,250	\$ -	\$ -	\$ 153,250
Total capital assets not being depreciated	<u>153,250</u>	<u>-</u>	<u>-</u>	<u>153,250</u>
Meters	503,585	-	-	503,585
Machinery and equipment	173,161	-	-	173,161
Furniture and fixtures	25,594	-	-	25,594
Transportation equipment	155,952	-	-	155,952
Facility improvements	338,073	-	-	338,073
Totals at historical cost	<u>1,196,365</u>	<u>-</u>	<u>-</u>	<u>1,196,365</u>
Less accumulated depreciation:	<u>(823,041)</u>	<u>(57,561)</u>	<u>-</u>	<u>(880,602)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>373,324</u>	<u>(57,561)</u>	<u>-</u>	<u>315,763</u>
Government activities capital assets, net	<u>\$ 526,574</u>	<u>\$ (57,561)</u>	<u>\$ -</u>	<u>\$ 469,013</u>

NOTE 5: LONG-TERM DEBT

During the years ended December 31, 2020 and 2019, the following changes occurred in long-term obligations:

	<u>Balance December 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2020</u>	<u>Balance Due Within One Year</u>
Notes Payable	\$ 178,054	\$ -	\$ 57,460	\$ 120,594	\$ 52,652
Compensated Absences	53,077	-	18,901	34,176	-
Net Pension Liability	1,091,567	-	269,514	822,053	-
Net Other Postemployment Benefits Liability	<u>4,106,174</u>	<u>-</u>	<u>-</u>	<u>4,106,174</u>	<u>-</u>
	<u>\$ 5,428,872</u>	<u>\$ -</u>	<u>\$ 345,875</u>	<u>\$ 5,082,997</u>	<u>\$ 52,652</u>
	<u>Balance December 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2019</u>	<u>Balance Due Within One Year</u>
Notes Payable	\$ 251,745	\$ -	\$ 73,691	\$ 178,054	\$ 65,007
Compensated Absences	48,036	5,041	-	53,077	-
Net Pension Liability	1,280,825	-	189,258	1,091,567	-
Net Other Postemployment Benefits Liability	<u>3,065,518</u>	<u>1,040,656</u>	<u>-</u>	<u>4,106,174</u>	<u>-</u>
	<u>\$ 4,646,124</u>	<u>\$ 1,045,697</u>	<u>\$ 262,949</u>	<u>\$ 5,428,872</u>	<u>\$ 65,007</u>

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 5: LONG-TERM DEBT (continued)

Long-term debt consisted of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Mortgage payable to Sovereign Bank, secured by the land purchased, with an interest rate of 5.10% with monthly principal and interest payments of \$1,004.	\$ 3,554	\$ 15,120
Capital lease payable to First Capital Equipment Leasing Corp., secured by the equipment purchased, with an interest rate of 5.35% with monthly principal and interest payments of \$1,507.	-	5,978
Capital lease payable to Garden State Bobcat Inc., secured by the equipment purchased, with an interest rate of 5.95% with monthly principal and interest payments of \$978.	11,428	15,720
Capital lease payable to First Capital Equipment Leasing Corporation, secured by the equipment purchased, with an interest rate of 3.94% with monthly principal and interest payments of \$3,421.	<u>105,612</u>	<u>141,236</u>
Total debt	120,594	178,054
Less: current portion	<u>(52,652)</u>	<u>(65,007)</u>
Long-term debt, net of current portion	<u>\$ 67,942</u>	<u>\$ 113,047</u>

Future maturities of long-term debt are as follows:

2021	\$ 52,652
2022	39,168
2023	<u>28,773</u>
Total	<u>\$ 120,594</u>

NOTE 6: NET POSITION – RESTRICTED FOR NEW JERSEY TRANSIT CONTINGENCY FUNDS

Under the terms of an agreement with the New Jersey Transit Corporation, parking fees generated at the Toms River Bus Park and Ride Facility shall be sufficient to meet operating and normal maintenance costs and provide a contingency fund equal to ten percent of gross monthly revenues. Beginning on January 1, 2004, the annual ten percent contingency capital fund reserve requirement was replaced with a flat contingency fund reserve amount of \$2,500 per quarter, or \$10,000 annually.

Monies accumulated in the contingency fund must be retained for major repairs of the Facility or for construction, purchases, or lease of additional commuter parking facilities. Should there be any excess revenue after these costs and the reserve for contingency capital fund, these excesses will be

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
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Notes to Financial Statements (continued)

NOTE 6: NET POSITION – RESTRICTED FOR NEW JERSEY TRANSIT CONTINGENCY FUNDS (continued)

deposited into the contingency fund and is payable to the New Jersey Transit Corporation within thirty-one (31) days of the end of each calendar year. As of December 31, 2020 and 2019, there was a cumulative balance in this fund of \$(344,677) and \$(253,254), respectively. The contingency capital fund set aside for future major repairs as of December 31, 2020 and 2019 was \$155,245 and \$145,245, respectively. Combined, this resulted in net asset balances reserved for the New Jersey Transit contingency funds as of December 31, 2020 and 2019 of \$(189,432) and \$(108,009), respectively.

NOTE 7: RELATED PARTY COMMITMENTS

Parking Lot

The Parking Authority leases property from the Township of Toms River for use as a parking lot on a monthly basis. There is no rental cost to the Parking Authority, providing that a tax exemption for tax-exempt use can be maintained. Otherwise, the Parking Authority will assume payments for the real estate taxes on the property. The Parking Authority provides for all maintenance and insurance costs.

Parking Garage

Under an agreement with the Township of Toms River, the Parking Authority is to operate and maintain a municipal parking garage. The Parking Authority is responsible for the operating expenses of the facility including insurance, repairs and maintenance, utilities, and personnel salaries. The second level of the garage is reserved for use by the Township of Toms River.

Office Space

The Township of Toms River also allows the Parking Authority to occupy space as an office within the Township's administration building.

NOTE 8: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2019, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer,

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2020, the Parking Authority's contractually required contribution to PERS plan was \$55,146.

Components of Net Pension Liability - At December 31, 2020, the Parking Authority's proportionate share of the PERS net pension liability was \$822,055. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The Parking Authority's proportion of the net pension liability was based on the Parking Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Parking Authority's proportion measured as of June 30, 2020, was 0.0050410002% which was a decrease of 0.0010170517% from its proportion measured as of June 30, 2019.

Balances at December 31, 2020 and December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 123,201	\$ 251,443
Deferred Inflows of Resources	608,060	506,146
Net Pension Liability	822,055	1,091,569
 Parking Authority's portion of the Plan's total Net Pension Liability	 0.00504%	 0.00606%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2020, the Parking Authority's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is \$15,789. At December 31, 2019, the Parking Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 14,968	\$ 2,907
Changes of Assumptions	26,668	344,202
Net Difference between Projected and Actual Earnings on Pension		
Plan Investments	28,099	-
Changes in Proportion and Differences between Parking Authority Contributions and Proportionate Share of Contributions	53,466	260,951
	\$ 123,201	\$ 608,060

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

The Parking Authority will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Changes in Proportion and Differences
between Contributions and
Proportionate Share of Contributions

Year of Pension Plan Deferral:

June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending <u>Dec 31,</u>	<u>Amount</u>
2021	\$ (143,853)
2022	(120,959)
2023	(127,628)
2024	(80,622)
2025	<u>(11,797)</u>
	<u>\$ (484,859)</u>

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2026		2.00 - 6.00% Based on Years of Service
Thereafter		3.00 - 7.00% Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table		
	PERS	Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience		
Study upon which Actuarial		
Assumptions were Based		July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits,

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Credit	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Sensitivity of the Parking Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Parking Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Parking Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Parking Authority's Proportionate Share of the Net Pension Liability	\$ 1,042,968	\$ 822,055	\$ 646,554

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

As of the date of this report, the Parking Authority has not provided updated actuarial valuations for other postemployment benefit obligations for the year ended December 31, 2020. The footnote below includes the most current information made publicly available, which had a reporting date of December 31, 2019.

General Information about the OPEB Plan

The financial statements of the Authority are not prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The following information is provided in accordance with the requirements of the Statement.

Parking Authority of the Township of Toms River provides post-employment medical and prescription drug coverage to eligible retired employees and their spouses and additionally dental, and vision benefits to eligible retired employees and their spouses. The Parking Authority Plan is a single employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. The Parking Authority Plan does not issue a separate financial report.

Parking Authority of the Township of Toms River pays 100% of the insurance cost for the retiree.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

General Information about the OPEB Plan (continued)

Employees and Retirees Covered – At December 31, 2018, the following employees were covered by the Parking Authority plan:

Participant Data	<u>Amount</u>
Active Employees	
Total	8
Average Age	49
Average Service	8
Retired Employees	
Retirees	1
Spouses	-
Total	1
Average Age	64

Actuarial Assumptions and Other Inputs

This valuation has been conducted as of December 31, 2019 based on census, plan design and premium information provided by the Parking Authority. Census includes 1 retired participants (including spouses) and 8 active participants. The Measurement Date, for each fiscal year is as of the end of the prior year. Thus, the Total OPEB Liability for fiscal year ending December 31, 2019 of \$4,106,174 is measured at December 31, 2018 as allowed under GASB 75.

The values are determined in accordance with GASB 75 including the Individual Entry Age Normal Cost method with the normal cost determined as a percentage of pay. Standard roll forward and backward techniques were used to adjust valuation dates to measurement dates. The following assumptions and other inputs applied to all periods in the measurement, unless otherwise specified:

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial Assumptions and Other Inputs (continued)

Actuarial Cost Method	Entry Age Normal as a level percentage of payroll				
Discount Rate	Based on average of 20 year bond indices (e.g., Bond Buyer-20 Bond GO - 4.09%, S&P Municipal Bond 20 Year High Grade Rate Index - 3.64%, and Fidelity GA AA 20 Years - 3.71%) 2.90% at December 31, 2019				
Salary Increases	3.00%				
Health Care Cost Trend	8.00% for 2018-2019 grading down to 5.00% (by 0.5% increments) in 2026.				
Per Capita Claims Costs and Premiums	Annual per capita cost for retiree and spouse at age 64 and 65. <table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Age 64</td> <td style="text-align: right;">\$ 23,052</td> </tr> <tr> <td style="padding-right: 20px;">Age 65</td> <td style="text-align: right;">\$ 18,180</td> </tr> </table>	Age 64	\$ 23,052	Age 65	\$ 18,180
Age 64	\$ 23,052				
Age 65	\$ 18,180				
Rates of Mortality	RP 2014 Healthy Male and Female (as applicable) Tables projected to 2037 with scale MP-2018				
Rates of Turnover	Ultimate termination rates vary by age and years of turnover based on the NJ PERS				
Rates of Retirement	Annual rates varying by age and years of service based on the NJ PERS				
Rates of Disability	Rates varying by age based on the NJ PERS				
Spouse Assumption	Marrital status is assumed not to change prior to or after retirement				
Retiree Participation	100% of eligible retirees are assumed to elect to participate in the plan				
Funding Policy	Pay as you go				
Investment Rate of Return	Not applicable				
Asset Valuation Method	Not applicable				

Discount Rate – The discount rate is the single rate that reflects (1) the long-term expected rate of return on the OPEB plan investments that are expected to be used to finance the payments of benefits, to the extent that the OPEB plan’s fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of Aa, to the extent that the conditions for use of the long-term expected rate of return are not met. For the total OPEB liability calculation as of December 31, 2019, the discount rate utilized was 2.90%

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (continued)

Changes in the Total OPEB Liability – The changes to the total OPEB Liability during the year ending December 31, 2019 were as follows:

Changes in the Total OPEB Liability

Total OPEB Liability	
Balance, January 1, 2019	\$ 3,065,518
Changes for the Year:	
Service Cost	93,880
Interest Cost	113,358
Changes of Assumptions	853,323
Difference between Actual and Expected	-
Benefits Paid (implicit)	(19,905)
Net Changes	1,040,656
Balance, December 31, 2019	\$ 4,106,174

The following presents the total OPEB liability of the Parking Authority, as well as what the Parking Authority's total OPEB liability would be, if it were calculated using a discount rate that is 1-percentage-point lower (1.90 percent) or 1-percentage pointer higher (3.90 percent) that the current discount rate:

	December 31, 2019		
	At 1% Decrease (1.90%)	At Discount Rate (2.90%)	At 1% Increase (3.90%)
Total OPEB Liability	\$ 5,470,909	\$ 4,106,174	\$ 3,159,394

The following presents the total OPEB liability of the Parking Authority, as well as what the Parking Authority's total OPEB liability would be, if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage pointer higher that the current healthcare cost trend rate:

	December 31, 2019		
	1% Decrease	Healthcare Cost Trend Rate*	1% Increase
Total OPEB Liability	\$ 2,950,324	\$ 4,106,174	\$ 5,731,172

* See Healthcare Cost Trend Assumptions for details of rates.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the Parking Authority's OPEB expense was estimated to be \$1,040,656. At December 31, 2019, the Parking Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	<u>853,323</u>	<u>-</u>
Total	<u>\$ 853,323</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2020	\$ 60,952
2021	60,952
2022	60,952
2023	60,952
Thereafter	<u>609,515</u>
	<u>\$ 853,323</u>

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Other Supplementary Information

Schedule of Changes in the Parking Authority's Total OPEB Liability and Related Ratios

	Fiscal Year Ending December 31,			
	2019	2018	2017	2016
Service Cost	\$ 93,880	\$ 75,972	N/A	N/A
Interest Cost	113,358	109,942		
Changes of Assumptions	853,323	-		
Difference between Actual and Expected	-	-		
Benefits Paid (implicit)	<u>(19,905)</u>	<u>(27,237)</u>		
Net Change in Total OPEB Liability	1,040,656	158,677		
Total OPEB Liability (Beginning)	<u>3,065,518</u>	<u>2,906,841</u>		
Total OPEB Liability (Ending)	<u>\$ 4,106,174</u>	<u>\$ 3,065,518</u>		
Total Covered Employee Payroll	331,743	331,743		
Net OPEB Liability as a Percentage	1238%	924%		

Schedule of Funding Progress

Year Ended	December 31,	
	2019	2018
Total OPEB Liability	\$ 4,106,174	\$ 3,065,518
Fiduciary Net Position	<u>-</u>	<u>-</u>
Net OPEB Liability	<u>\$ 4,106,174</u>	<u>\$ 3,065,518</u>
Funded Ratio	0%	0%
Covered Payroll	331,743	331,743
Net OPEB Liability as a Percentage of Covered Payroll	1238%	924%

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Other Supplementary Information (continued)

Schedule of Employer Contributions

Year Ended December 31,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Contributions Percentage Covered Payroll
2019	\$ 291,240	\$ 19,905	\$ 271,335	\$ 331,743	6%
2018	\$ 240,016	\$ 27,237	\$ 212,779	\$ 331,743	8%

NOTE 10: LEASE AGREEMENT

During the year ended December 31, 2004, the Parking Authority and New Jersey Transit Corporation entered into a five year operating agreement that required the Parking Authority to remit monthly rental payments for the Park and Ride Facility. The agreement expired on December 31, 2008. The Facility is currently operating on a month-to-month basis until the agreement is approved and a new, up-to-date agreement is entered into. The annual rental payments are set at \$48,000, payable in twelve monthly payments of \$4,000. Rent expense was \$48,000 for the years ended December 31, 2020 and 2019.

NOTE 11: DEFICIT UNRESTRICTED NET POSITION

As reflected on the statements of net position, a deficit in unrestricted net position of \$(5,091,085) and \$(4,915,958) existed as of December 31, 2020 and 2019, respectively, for governmental activities. The primary cause of this deficit is the recording of the long-term liability for net pension and other postemployment benefits. In accordance with full accrual accounting, which is the basis of accounting for the statement of net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the Parking Authority in the formulation of their annual budget (see Note 1), pension liabilities and other postemployment benefits liabilities that relate to future services, or that are contingent on a specific event outside the control of the Parking Authority and its employees, are funded in the period in which such services are rendered or in which such events take place.

NOTE 12: CONSTRUCTION COMMITMENTS

On July 5, 2016, the Parking Authority obtained lease purchase financing in the amount of \$250,000 to install new meters in the downtown area. As of December 31, 2020, the total amount spent on this project was \$238,438. The project was completed in 2017, however the remaining \$11,562 was set aside for future purchases.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to Financial Statements (continued)

NOTE 13: GOING CONCERN

As indicated in the accompanying financial statements, the Parking Authority showed a decrease in net position of \$249,059 during the year ended December 31, 2020. As of that date, the Parking Authority's current liabilities exceeded its current assets by \$739,230 and revenues decreased by 51% for the year ended December 31 2020 due to the COVID-19 pandemic. Those factors, as well as the uncertain conditions that the Parking Authority faces regarding its future liabilities owed to New Jersey Transit and New Jersey Public Employees' Retirement System (as discussed below) create an uncertainty about the Parking Authority's ability to continue as a going concern. Management of the Parking Authority is developing a plan to reduce its liabilities with funds raised from future rate increases for decals. Additionally, the Parking Authority intends to sell one of its parking lots to the Township of Toms River. As of the date of this report, the sale has not been finalized. The ability of the Parking Authority to continue as a going concern is dependent on acceptance of the plan by its governing powers and is dependent on the plan's success. The financial statements do not include any adjustments that might be necessary if the Parking Authority is unable to continue as a going concern.

As of the date of this audit report, the Parking Authority has an outstanding payable balance with New Jersey Transit pertaining to the months of January, February, and March 2020 totaling approximately \$456,000.

Additionally, as of the date of this audit report the Parking Authority has an outstanding payable with the New Jersey Public Employees' Retirement System for the years ended December 31, 2018, 2019, and 2020 totaling approximately \$154,000.

The Authority was not eligible for any Federal, State or Local COVID-19 pandemic aid programs.

NOTE 14: RISK, CONCENTRATIONS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout New Jersey and the United States as a whole. In light of the uncertainty as to the severity and duration of the pandemic and actions that may be taken by governmental authorities, the impact on the Parking Authority's revenue, cash flows, and financial position is uncertain at this time.

The Authority had a 51% decrease in operating revenues totaling \$586,582 during the year ended December 31, 2020 related to the impacts of the COVID-19 pandemic.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employee's Retirement System
Last Eight Fiscal Years *

	Measurement Date Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset)	0.00504%	0.00606%	0.00651%	0.00617%	0.00640%	0.00552%	0.00496%	0.00413%
Authority's proportionate share of the net pension liability (asset)	\$ 822,053	\$ 1,091,567	\$ 1,280,825	\$ 1,435,786	\$ 1,896,940	\$ 1,239,699	\$ 928,999	\$ 789,840
Authority's covered-employee payroll	\$ 231,450	\$ 346,972	\$ 381,442	\$ 465,609	\$ 444,702	\$ 419,996	\$ 366,970	\$ 338,378
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	355.18%	286.17%	275.09%	322.86%	451.66%	337.82%	274.54%	233.42%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
 Schedule of Authority Contributions
 Public Employee's Retirement System
 Last Eight Fiscal Years *

	Year Ended December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 55,146	\$ 58,927	\$ 64,705	\$ 57,139	\$ 56,900	\$ 47,479	\$ 40,905	\$ 31,139
Contributions in relation to the contractually required contribution	(55,146)	(58,927)	(64,705)	(57,139)	(56,900)	(47,479)	(40,905)	(31,139)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 231,450	\$ 346,972	\$ 381,442	\$ 465,609	\$ 444,702	\$ 419,996	\$ 366,970	\$ 338,378
Contributions as a percentage of covered-employee payroll	23.83%	16.98%	16.96%	12.27%	12.80%	11.30%	11.15%	9.20%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Schedule of Changes in the Net OPEB Liability and Related Ratios
Other Postemployment Benefits Plan (OPEB)
Last Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's Total OPEB Liability			
Service Cost	\$ -	\$ 93,880	\$ 75,972
Interest Cost	-	113,358	109,942
Changes in Assumptions	-	853,323	-
Contributions: Members	-	-	-
Gross Benefit Payments	-	(19,905)	(27,237)
Net Changes in the Authority's Total OPEB Liability	<u>-</u>	<u>1,040,656</u>	<u>158,677</u>
Authority's Total OPEB Liability (Beginning)	4,106,174	3,065,518	2,906,841
Authority's Total OPEB Liability (Ending)	<u>\$ 4,106,174</u>	<u>\$ 4,106,174</u>	<u>\$ 3,065,518</u>
Authority's Covered Payroll	\$ 331,743	\$ 331,743	\$ 331,743
Authority's Net OPEB Liability as a Percentage of Payroll	1238%	1238%	924%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date)

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Notes to the Required Supplementary Information
For the year ended December 31, 2020

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

Other Post-Employment Benefits (OPEB)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 3.80% as of December 31, 2018, to 2.90% as of December 31, 2019.

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Net Position - Restricted and Unrestricted
For the year ended December 31, 2020 (With Comparative Totals for 2019)

Schedule IV

ASSETS	2020				2019
	Parking Authority of the Township of Toms River	Toms River Bus Park and Ride Facility			(Memorandum Only)
	Unrestricted	Restricted	Elimination	Combined	Total
Current unrestricted assets:					
Cash	\$ 80,268	\$ 16,245	\$ -	\$ 96,513	\$ 130,043
Accounts receivable	10,589	-	-	10,589	8,781
Inventory	2,348	-	-	2,348	2,693
Prepaid expenses	1,653	294	-	1,947	4,867
Due from Park and Ride	150,324	-	(150,324)	-	-
Total current unrestricted assets	245,182	16,539	(150,324)	111,397	146,384
Current restricted assets:					
Cash	11,562	-	-	11,562	-
Total current restricted assets	11,562	-	-	11,562	-
Capital assets, net	419,044	-	-	419,044	469,013
Total assets	675,788	16,539	(150,324)	542,003	615,397
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflows related to pensions	123,201	-	-	123,201	251,443
Deferred outflows related to other postemployment benefits	853,323	-	-	853,323	853,323
Total deferred outflow of resources	976,524	-	-	976,524	1,104,766
Total assets and deferred outflow of resources	\$ 1,652,312	\$ 16,539	\$ (150,324)	\$ 1,518,527	\$ 1,720,163

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Statements of Net Position - Restricted and Unrestricted (continued)
For the year ended December 31, 2020 (With Comparative Totals for 2019)

Schedule IV

	2020			2019	
	Parking Authority of the Township of Toms River	Toms River Bus Park and Ride Facility	Elimination	Combined	(Memorandum Only)
	Unrestricted	Restricted			Total
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	\$ 81,297	\$ 42,072	\$ -	\$ 123,369	\$ 34,879
Pensions payable	154,179	-	-	154,179	117,106
Unearned revenue	36,605	13,575	-	50,180	87,239
Bus fees payable	481,809	-	-	481,809	278,929
Current portion of notes payable	52,652	-	-	52,652	65,007
Due to Parking Authority	-	150,324	(150,324)	-	-
Total current unrestricted liabilities	<u>806,542</u>	<u>205,971</u>	<u>-</u>	<u>862,189</u>	<u>583,160</u>
Long-term liabilities:					
Compensated absences	34,176	-	-	34,176	53,077
Notes payable, net of current portion	67,942	-	-	67,942	113,047
Net pension liability	822,053	-	-	822,053	1,091,567
Net other postemployment benefits liability	4,106,174	-	-	4,106,174	4,106,174
Total long-term unrestricted liabilities	<u>5,030,345</u>	<u>-</u>	<u>-</u>	<u>5,030,345</u>	<u>5,363,865</u>
Total liabilities	<u>5,836,887</u>	<u>205,971</u>	<u>-</u>	<u>5,892,534</u>	<u>5,947,025</u>
DEFERRED INFLOW OF RESOURCES					
Deferred inflows related to pensions	608,060	-	-	608,060	506,146
Total deferred inflow of resources	<u>608,060</u>	<u>-</u>	<u>-</u>	<u>608,060</u>	<u>506,146</u>
NET POSITION					
Net investment in capital assets	298,450	-	-	298,450	290,959
Restricted for New Jersey Transit contingency fund reserve	-	155,245	-	155,245	145,245
Restricted for New Jersey Transit contingency funds	-	(344,677)	-	(344,677)	(253,254)
Unrestricted net position	<u>(5,091,085)</u>	<u>-</u>	<u>-</u>	<u>(5,091,085)</u>	<u>(4,915,958)</u>
Total net position	<u>(4,792,635)</u>	<u>(189,432)</u>	<u>-</u>	<u>(4,982,067)</u>	<u>(4,733,008)</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 1,652,312</u>	<u>\$ 16,539</u>	<u>\$ -</u>	<u>\$ 1,518,527</u>	<u>\$ 1,720,163</u>

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

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Revenues, Expenses and Changes in Net Position - Restricted and Unrestricted
For the year ended December 31, 2020 (With Comparative Totals for 2019)

Schedule V

	2020				2019
	Parking Authority of the Township of Toms River	Toms River Bus Park and Ride Facility			(Memorandum Only) <u>Total</u>
	Unrestricted	Restricted		Combined	
	General Fund	Contingency Capital Fund	Contingency Fund Reserve	Total	
Operating revenues:					
Meters	\$ 141,091	\$ 7,500	\$ 72,104	\$ 220,695	\$ 535,915
Bus ticket commissions	62,752	-	-	62,752	263,976
Decals	116,811	2,500	63,140	182,451	188,594
Fines	78,995	-	-	78,995	142,990
Contracts	16,000	-	-	16,000	16,000
Total operating revenues	415,649	10,000	135,244	560,893	1,147,475
Operating expenses:					
Cost of providing services	336,869	-	201,426	538,295	911,228
General and administrative	244,651	-	25,241	269,892	257,869
Depreciation	56,522	-	-	56,522	57,561
Unbudgeted pension credit	(39,358)	-	-	(39,358)	51,267
Unbudgeted other postemployment benefit expense	-	-	-	-	187,333
Total operating expenses	598,684	-	226,667	825,351	1,465,258
Net operating (loss) income	(183,035)	10,000	(91,423)	(264,458)	(317,783)
Non-operating revenue (expenses):					
Vending commissions	10,539	-	-	10,539	66,056
Interest expense	(5,591)	-	-	(5,591)	(8,877)
Insurance claim income	-	-	-	-	100
Miscellaneous	10,451	-	-	10,451	248
Total non-operating revenues (expenses)	15,399	-	-	15,399	57,527
Change in net position	(167,636)	10,000	(91,423)	(249,059)	(260,256)
Net position, January 1	(4,624,999)	145,245	(253,254)	(4,733,008)	(4,472,752)
Prior period restatement (see note 13)	-	-	-	-	-
Net position, January 1 (as restated)	(4,624,999)	145,245	(253,254)	(4,733,008)	(4,472,752)
Net position, December 31	\$ (4,792,635)	\$ 155,245	\$ (344,677)	\$ (4,982,067)	\$ (4,733,008)

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Operating Expenses - Restricted and Unrestricted
For the year ended December 31, 2020 (With Comparative Totals for 2019)

Schedule VI

	2020			2019	
	Parking Authority of the Township of Toms River	Toms River Bus Park and Ride Facility		(Memorandum Only)	
	Unrestricted	Restricted		Combined	
	General Fund	Contingency Capital Fund	Contingency Fund Reserve	Total	Total
Cost of providing services:					
Salaries	\$ 89,907	\$ -	\$ 63,054	\$ 152,961	\$ 364,803
Hospitalization	124,156	-	-	124,156	162,865
Utilities	21,065	-	32,534	53,599	53,569
Rent	-	-	48,000	48,000	48,000
Repairs and maintenance	4,150	-	14,283	18,433	51,239
Vending	4,887	-	-	4,887	27,172
Pension expense	26,450	-	15,831	42,281	49,724
Payroll taxes	17,711	-	4,991	22,702	28,415
Janitorial expense	-	-	5,456	5,456	9,545
Meter parts and supplies	39,196	-	1,612	40,808	70,454
Miscellaneous	471	-	5,269	5,740	9,315
Security	-	-	660	660	5,907
Uniforms	390	-	-	390	905
Snow removal costs	-	-	-	-	556
Signs	441	-	-	441	820
Ticketing	5,166	-	-	5,166	8,309
Lot lease	2,879	-	-	2,879	12,648
Equipment expense	-	-	9,736	9,736	6,982
Total cost of providing services	336,869	-	201,426	538,295	911,228
General and administrative expenses:					
Insurance	52,410	-	24,285	76,695	87,702
Salaries	68,744	-	-	68,744	52,774
Professional fees	49,498	-	815	50,313	35,243
Office supplies and expense	12,087	-	141	12,228	13,837
Telephone	10,753	-	-	10,753	11,534
Hospitalization	12,701	-	-	12,701	12,139
Bank charges	16,108	-	-	16,108	25,006
Data processing	2,953	-	-	2,953	3,615
Payroll taxes	4,131	-	-	4,131	4,398
Education expense	-	-	-	-	706
Pension expense	15,266	-	-	15,266	10,915
Total general and administrative expenses	244,651	-	25,241	269,892	257,869
Depreciation	56,522	-	-	56,522	57,561
Unbudgeted pension credit	(39,358)	-	-	(39,358)	51,267
Unbudgeted other postretirement benefit expense	-	-	-	-	187,333
Total operating expenses	\$ 598,684	\$ -	\$ 226,667	\$ 825,351	\$ 1,465,258

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Modified Revenues and Expenses - Unrestricted Budget to Actual
For the year ended December 31, 2020

Schedule VII

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Unrestricted Actual</u>	<u>Variance</u>
Operating revenues:				
Meters, decals, and fines	\$ 607,000	\$ 320,260	\$ 336,897	\$ 16,637
Bus ticket commissions	263,000	70,112	62,752	(7,360)
Contracts	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
 Total operating revenues	 <u>886,000</u>	 <u>406,372</u>	 <u>415,649</u>	 <u>9,277</u>
Operating expenses:				
Cost of providing services	661,380	362,063	336,869	25,194
General and administrative expenses	<u>222,870</u>	<u>201,610</u>	<u>244,651</u>	<u>(43,041)</u>
 Total operating expenses	 <u>884,250</u>	 <u>563,673</u>	 <u>581,520</u>	 <u>(17,847)</u>
 Modified net operating income (loss)	 <u>1,750</u>	 <u>(157,301)</u>	 <u>(165,871)</u>	 <u>(8,570)</u>
Non-operating revenues (expenses):				
Vending commissions	57,452	9,691	10,539	848
ATM surcharges	11,672	2,560	-	(2,560)
Interest expense	(5,867)	(1,992)	(5,591)	(3,599)
Miscellaneous	<u>-</u>	<u>-</u>	<u>10,451</u>	<u>10,451</u>
 Total non-operating revenues (expenses)	 <u>63,257</u>	 <u>10,259</u>	 <u>15,399</u>	 <u>5,140</u>
Debt service:				
Debt service - principal payments	<u>(65,007)</u>	<u>(29,318)</u>	<u>(57,460)</u>	<u>(28,142)</u>
 Total debt service	 <u>(65,007)</u>	 <u>(29,318)</u>	 <u>(57,460)</u>	 <u>(28,142)</u>
 Net budgeted income - modified basis	 <u>\$ -</u>	 <u>\$ (176,360)</u>	 <u>\$ (207,932)</u>	 <u>\$ (31,572)</u>
Reconciliation to change in net position:				
Net budgeted loss - modified basis			\$ (207,932)	
Plus: debt service			57,460	
Less: depreciation			(56,522)	
Less: unbudgeted pension credit			<u>39,358</u>	
 Change in unrestricted net position			 (167,636)	
 Change in restricted net position			 <u>(81,423)</u>	
 Change in net position			 <u>\$ (249,059)</u>	

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, State of New Jersey)
Modified Revenues and Expenses - Unrestricted Budget to Actual
For the year ended December 31, 2019

Schedule VIII

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Unrestricted Actual</u>	<u>Variance</u>
Operating revenues:				
Meters, decals, and fines	\$ 605,474	\$ 605,474	\$ 584,056	\$ (21,418)
Bus ticket commissions	261,042	261,042	263,976	2,934
Contracts	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total operating revenues	<u>882,516</u>	<u>882,516</u>	<u>864,032</u>	<u>(18,484)</u>
Operating expenses:				
Cost of providing services	636,774	636,774	639,889	(3,115)
General and administrative expenses	<u>211,416</u>	<u>211,416</u>	<u>211,872</u>	<u>(456)</u>
Total operating expenses	<u>848,190</u>	<u>848,190</u>	<u>851,761</u>	<u>(3,571)</u>
Modified net operating income (loss)	<u>34,326</u>	<u>34,326</u>	<u>12,271</u>	<u>(22,055)</u>
Non-operating revenues (expenses):				
Vending commissions	55,265	55,265	66,056	10,791
ATM surcharges	11,939	11,939	-	(11,939)
Interest expense	(8,959)	(8,959)	(8,877)	82
Miscellaneous	<u>-</u>	<u>-</u>	<u>248</u>	<u>248</u>
Total non-operating revenues (expenses)	<u>58,245</u>	<u>58,245</u>	<u>57,527</u>	<u>(718)</u>
Debt service:				
Debt service - principal payments	<u>(75,053)</u>	<u>(75,053)</u>	<u>(73,691)</u>	<u>1,362</u>
Total debt service	<u>(75,053)</u>	<u>(75,053)</u>	<u>(73,691)</u>	<u>1,362</u>
Net budgeted income - modified basis	<u>\$ 17,518</u>	<u>\$ 17,518</u>	<u>\$ (3,893)</u>	<u>\$ (21,411)</u>
Reconciliation to change in net position:				
Net budgeted loss - modified basis			\$ (3,893)	
Plus: debt service			73,691	
Less: depreciation			(57,561)	
Less: unbudgeted pension expense			(51,267)	
Less: unbudgeted other postemployment benefit expense			<u>(187,333)</u>	
Change in unrestricted net position			(226,363)	
Change in restricted net position			<u>(33,893)</u>	
Change in net position			<u>\$ (260,256)</u>	

PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER
(A Component Unit of the Township of Toms River, County of Ocean, State of New Jersey)
Board of Commissioners and Management
December 31, 2020

BOARD OF COMMISSIONERS

Tariq M.S. Siddiqui	Chairman
Bill Beining	Vice Chairman
Norvella Lightbody	Secretary
Richard J. Banach	Treasurer
Brenda Tutela	Vice Treasurer
Michael Sutton	Commissioner
Justin Lamb	Commissioner

MANAGEMENT

Pamela Piner	Executive Director
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Certified Public Accountants + Advisors

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194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
1415 Hooper Avenue, Suite 305, Unit A, Toms River, NJ 08753 • By Appointment Only

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The Chairman and Commissioners of the
Parking Authority of the Township of Toms River
33 Washington Street
Toms River, NJ 08753

We have audited the financial accounts and transactions of the Parking Authority of the Township of Toms River, a component unit of the Township of Toms River, County of Ocean, State of New Jersey for the year ended December 31, 2020. In accordance with requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

Contracts and Agreements Requiring Solicitation of Quotations

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

Examination of Bills

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

Payroll Fund

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Authority employees and ascertained that the accumulated withholdings were disbursed to the proper agencies. The results of the examination did not disclose any discrepancies.

Current Year Findings

Finding 2020-001 – The Parking Authority did not obtain an updated actuarial valuation for other postemployment benefits for the year ended December 31, 2020, a year in which a material change to the plan was made.

Criteria: Governmental Accounting Standards Board Statement No. 75 improved the accounting and financial reporting by state and local governments to account for other postemployment benefits other than pensions (OPEB). This statement requires an actuarial valuation or a calculation using the specified alternative measurement method of the total OPEB liability every two years, with more frequent valuations performed if there are significant changes.

Condition and Context: On June 25, 2020, the Parking Authority voted to terminate providing health benefits to future retirees. Any current retirees that are currently receiving benefits are grandfathered into the plan. This action is considered a material plan change. The Authority did not obtain an updated actuarial valuation for other postemployment benefits that includes this plan change.

Cause: The Parking Authority did not obtain an updated actuarial valuation for other postemployment benefits for the year ended December 31, 2020, a year in which a material change to the plan was made. As a result, the OPEB liability and deferred outflows related to other postemployment benefits are assumed to be overstated as of December 31, 2020.

Recommendations: The Parking Authority must obtain an actuarial valuation for other postemployment benefits every two years, with more frequent valuations performed if material changes are made to the plan.

Management's Response: Management will obtain an actuarial valuation for the year ended December 31, 2021.

Follow-Up of Prior Year's Findings

In accordance with *Government Auditing Standards*, and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of prior year findings. There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the Parking Authority officials and employees and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions concerning our comments, please call us.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.

Certified Public Accountants

December 1, 2021
Lakewood, New Jersey