

**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 year ended December 31, 2018**

**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 year ended December 31, 2018**

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HOLMAN | FRENIA  
ALLISON, P.C.

*Certified Public Accountants & Consultants*

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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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Parking Authority of the Township of Toms River, a component unit of the Township of Toms River, County of Ocean, State of New Jersey, as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

#### *Change in Accounting Principle*

As discussed in Note 2 to the financial statements, during the year ended December, 2018 the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion 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***

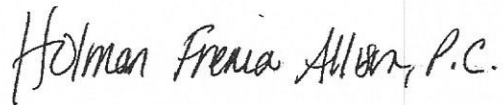
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parking Authority of the Township of Toms River's basic financial statements. The accompanying supplementary schedules of revenues, expenses and changes in net position – restricted 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 June 26, 2019 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.

Respectfully Submitted,



**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

June 26, 2019  
Toms River, New Jersey



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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 governmental 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, 2018, 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 June 26, 2019.

**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 were not 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 described in the accompanying general comments and recommendations as comment 2018-001, that we consider to be a significant deficiency.

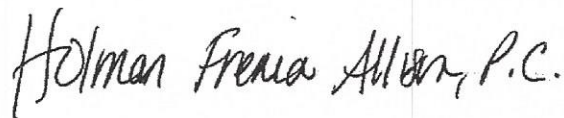
### **Compliance and Other Matters**

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.

Respectfully Submitted,



**HOLMAN FRENIA ALLISON, P.C.**

*Certified Public Accountants*

June 26, 2019  
Toms River, New Jersey

**PARKING AUTHORITY**  
**of the Township of Toms River**  
33 Washington Street, P.O. Box 1269  
Toms River, NJ 08754  
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**OFFICE OF THE COMMISSIONERS**

*Michael Sutton, Chairman*  
*Tariq M.S. Siddiqui, Vice Chairman*  
*Norvella Lightbody, Secretary*

*Bill Beining, Treasurer*  
*Richard J. Banach, Vice Treasurer*  
*Brenda Tutela, Commissioner*

June 26, 2019

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, 2018 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 Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows as of and for the year ended December 31, 2018.

The Statement of Net Position shows the financial position of the Parking Authority at December 31<sup>st</sup> of 2018. 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 year shown on this report.

**Financial Analysis**

The Parking Authority at December 31, 2018, has total assets and deferred outflows of resources of \$1,426,043 compared to \$1,346,520 at December 31, 2017. This increase can be primarily attributed to the increase in cash. The Parking Authority at December 31, 2017 had total assets and deferred outflows of resources of \$1,346,520 compared to \$1,832,196 at December 31, 2016. This decrease can be primarily attributed to the decrease in cash and deferred outflows related to pensions.

The Parking Authority at December 31, 2018 has total liabilities and deferred inflow of resources of \$5,898,795 compared to \$2,657,974 at December 31, 2017. The majority of this increase is due to the implementation of GASB 75 during the year ended December 31, 2018 which resulted in the recognition of a net other postemployment benefit liability of \$3,065,518. The Parking Authority at December 31, 2017 had total liabilities and deferred inflow of resources of \$2,657,974 compared to \$2,839,956 at December 31, 2016. The majority of this increase is due to the increase in the deferred inflows related to pensions.



The Parking Authority at December 31, 2018 has total net position of \$(4,472,752) compared to \$(1,311,454) at December 31, 2017. The decrease in net position is mainly due to the increase in the net other postemployment benefits liability for the implementation of GASB 75 during the year ended December 31, 2018. This is also due to remaining operating expenses exceeding operating revenues. The Parking Authority at December 31, 2017 has total net position of \$(1,311,454) compared to \$(1,007,760) at December 31, 2016. The decrease in net position is mainly due to the increase in the pension expense related to the net pension liability for GASB #68.

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. The Parking Authority has a net loss of \$303,694 for the year ended December 31, 2017. Part of this net loss is attributed to \$111,934 of unbudgeted pension expense as a result of the increase in the net pension liability related to GASB Statement No. 68. 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 had a net loss of \$383,042 for the year ended December 31, 2016. Part of this net loss is attributed to \$187,920 of unbudgeted pension expense as a result of the increase in the net pension liability related to GASB Statement No. 68. The remaining part of the net loss is attributed to higher cost of providing services and administrative and general expenses.

**Condensed Financial Information**

Key Parking Authority financial information for the years ended December 31, 2018, 2017 and 2016 includes the following balances:

	<b>ASSETS</b>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Unrestricted current assets	\$ 322,157	\$ 81,222	\$ 229,981
Restricted current assets	130,523	127,967	367,390
Property, plant and equipment, net of depreciation	<u>526,574</u>	<u>580,790</u>	<u>435,637</u>
Total assets	<u>979,254</u>	<u>789,979</u>	<u>1,033,008</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred outflows related to pensions	<u>446,789</u>	<u>556,541</u>	<u>799,188</u>
Total deferred outflow of resources	<u>446,789</u>	<u>556,541</u>	<u>799,188</u>
Total assets and deferred outflow of resources	<u>\$ 1,426,043</u>	<u>\$ 1,346,520</u>	<u>\$ 1,832,196</u>

**Condensed Financial Information (continued)**

<b>LIABILITIES</b>			
Current liabilities payable from current unrestricted assets	\$ 813,037	\$ 531,364	\$ 503,933
Current liabilities payable from current restricted assets	53,727	43,484	46,978
Non-current liabilities	<u>4,571,064</u>	<u>1,752,688</u>	<u>2,289,045</u>
Total liabilities	<u>5,437,828</u>	<u>2,327,536</u>	<u>2,839,956</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflows related to pensions	<u>460,967</u>	<u>330,438</u>	<u>-</u>
Total deferred inflow of resources	<u>460,967</u>	<u>330,438</u>	<u>-</u>
<b>NET POSITION</b>			
Investments in capital assets, net of related debt	274,829	252,779	33,951
Reserved for New Jersey Transit contingency funds	(74,122)	(65,919)	(22,053)
Unrestricted	<u>(4,673,459)</u>	<u>(1,498,314)</u>	<u>(1,019,658)</u>
Total net position	<u>(4,472,752)</u>	<u>(1,311,454)</u>	<u>(1,007,760)</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 1,426,043</u>	<u>\$ 1,346,520</u>	<u>\$ 1,832,196</u>

**Other Financial Information**

<b>OTHER FINANCIAL INFORMATION:</b>			
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total operating and non-operating revenues	\$ 1,229,075	\$ 1,153,972	\$ 1,066,382
Total operating and non-operating expenses	<u>1,483,532</u>	<u>1,457,666</u>	<u>1,449,424</u>
Change in net position	<u>\$ (254,457)</u>	<u>\$ (303,694)</u>	<u>\$ (383,042)</u>
Meter revenues	\$ 553,042	\$ 544,089	\$ 450,374
Note principal paid	\$ 76,266	\$ 73,675	\$ 45,927

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 2017 operating revenues had an unfavorable variance of \$286,176 when compared to the budget for 2017 due to lower than expected meters, decals, fines and bus ticket commissions. Parking Authority 2016 operating revenues had an unfavorable variance of \$310,173 when compared to the budget for 2016 due to lower than expected meters, decals, fines and bus ticket commissions.

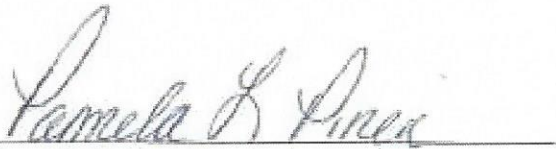
Parking Authority 2018 operating expenses had a favorable variance of \$14,434 when compared to the budget for 2018 due to lower expenses associated with providing services and lower general and administrative expenses than were budgeted for. Parking Authority 2017 operating expenses had a favorable variance of \$37,176 when compared to the budget for 2017 due to lower expenses associated with providing services and lower general and administrative expenses than were budgeted for. Parking Authority 2016 operating expenses had a favorable variance of \$147,868 when compared to the budget for 2016 due to lower expenses associated with providing services than were budgeted for.

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. Parking Authority 2017 non-operating revenues had a favorable variance of \$73,927 when compared to the budget for 2017 due to budgeting for funds to be added to the renewal and replacement reserve. Parking Authority 2016 non-operating revenues had a favorable variance of \$1,292 when compared to the budget for 2016 due to higher than expected vending commissions.

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 dark 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)**  
**Statement of Net Position**  
**December 31, 2018**

<b>ASSETS</b>	<u>2018</u>
Current unrestricted assets:	
Cash and cash equivalents	\$ 298,696
Accounts receivable	14,973
Inventory	3,723
Prepaid expenses	4,765
Total current unrestricted assets	<u>322,157</u>
Current restricted assets:	
Cash and cash equivalents	129,771
Prepaid expenses	752
Total current restricted assets	<u>130,523</u>
Capital assets, net	<u>526,574</u>
Total assets	<u>979,254</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred outflows related to pensions	<u>446,789</u>
Total deferred outflow of resources	<u>446,789</u>
Total assets and deferred outflow of resources	<u><u>\$ 1,426,043</u></u>

**PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER**  
**(A Component Unit of the Township of Toms River, State of New Jersey)**  
**Statement of Net Position (continued)**  
**December 31, 2018**

	<b>2018</b>
<b>LIABILITIES</b>	
Current unrestricted liabilities:	
Accounts payable	\$ 47,356
Accrued expenses	7,677
Pensions payable	101,467
Payroll withholdings payable	1,697
Unearned revenue	56,215
Bus fees payable	523,565
Current portion of notes payable	75,060
Total current unrestricted liabilities	813,037
Current restricted liabilities:	
Accounts payable and other accrued expenses	18,087
Unearned revenue	35,640
Total current restricted liabilities	53,727
Long-term unrestricted liabilities:	
Compensated absences	48,036
Notes payable, net of current portion	176,685
Net pension liability	1,280,825
Net other postemployment benefits liability	3,065,518
Total long-term unrestricted liabilities	4,571,064
Total liabilities	5,437,828
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred inflows related to pensions	460,967
Total deferred inflow of resources	460,967
<b>NET POSITION</b>	
Net investment in capital assets	274,829
Restricted for New Jersey Transit contingency funds	(74,122)
Unrestricted net position	(4,673,459)
Total net position	(4,472,752)
Total liabilities, deferred inflow of resources and net position	\$ 1,426,043

**PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER**  
**(A Component Unit of the Township of Toms River, State of New Jersey)**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the year ended December 31, 2018**

	<b>2018</b>
Operating revenues:	
Meters	\$ 553,042
Bus ticket commissions	268,955
Decals	181,605
Fines	140,703
Contracts	16,000
	1,160,305
Total operating revenues	1,160,305
Operating expenses:	
Cost of providing services	911,670
Administrative and general	252,997
Depreciation	62,716
Unbudgeted pension expense	85,320
Unbudgeted other postemployment benefit expense	158,677
	1,471,380
Total operating expenses	1,471,380
Operating loss	(311,075)
Non-operating revenues (expenses):	
Commissions - vending machines, telephone, ATM	65,634
Interest expense	(12,152)
Miscellaneous income	3,136
	56,618
Total non-operating revenues (expenses)	56,618
Change in net position	(254,457)
Net position, January 1	(1,311,454)
Prior period restatement (see note 13)	(2,906,841)
Net position, January 1 (as restated)	(4,218,295)
Net position, December 31	\$ (4,472,752)

**PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER**  
**(A Component Unit of the Township of Toms River, State of New Jersey)**  
**Statement of Cash Flows**  
**For the year ended December 31, 2018**

	<b>2018</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,223,836
Cash paid to suppliers and employees	(889,036)
Interest paid	(12,152)
Net cash flows from operating activities	322,648
<b>Cash flows from investing activities:</b>	
Purchases of property and equipment	(8,500)
Net cash flows from investing activities	(8,500)
<b>Cash flows from financing activities:</b>	
Repayment of long-term debt	(76,266)
Net cash flows from financing activities	(76,266)
Net change in cash and cash equivalents	237,882
Cash and cash equivalents, January 1	190,585
Cash and cash equivalents, December 31	\$ 428,467
 Per Statement of Net Position:	
Cash and cash equivalents - unrestricted	\$ 298,696
Cash and cash equivalents - restricted	129,771
Cash and cash equivalents, December 31	\$ 428,467

**PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER**  
**(A Component Unit of the Township of Toms River, State of New Jersey)**  
**Statement of Cash Flows (continued)**  
**For the year ended December 31, 2018**

	<b>2018</b>
<b>Reconciliation of change in net position to net cash flows from operating activities:</b>	
Change in net position	\$ (254,457)
Items which did not use/(provide) cash:	
Depreciation	62,716
Unbudgeted pension expense	85,320
Unbudgeted other postretirement benefit expense	158,677
Working capital changes which (used)/provided cash:	
Accounts receivable	(7,917)
Inventory	(1,293)
Prepaid expenses	3,601
Accounts payable	36,554
Accrued expenses	(4,590)
Pension payable	28,603
Payroll withholdings payable	(4,330)
Unearned revenue	2,678
Bus fees payable	235,035
Compensated absences	(17,949)
Net cash flows from operating activities	\$ 322,648



**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**  
**For the year ended December 31, 2018**

**NOTE 1: CREATION OF THE 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 balance sheet under the general fund. 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**

**A. Basis of Presentation and Accounting**

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 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**  
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**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Basis of Presentation and Accounting (continued)**

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the 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.

**B. 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.

**C. Budgetary Accounting**

Each year the 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 Authority. The budgetary basis of accounting is utilized to determine the 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.

**D. Revenues and Expenses**

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Parking Authority. Operating revenues consist primarily of revenues earned from meter and decal collections and commissions earned on sales of bus tickets.

**E. 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 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.

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**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Cash (continued)**

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

**F. 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.

**G. 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 year ended December 31, 2018 was \$62,716. 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

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**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2018**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. 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 \$48,036 at December 31, 2018. This long-term unrestricted liability is included in the financial statements as "compensated absences."

**I. 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.

**J. 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.

**K. 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 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.

**L. 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

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**Notes to Financial Statements (continued)**  
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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Deferred Inflows/Outflows of Resources (continued)**

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.

**M. Impact of Recently Issued Accounting Principles**

**Adopted Accounting Pronouncements**

Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement was effective and implemented for the year ended December 31, 2018.

Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement does not have a material impact on the Authority's financial statements.

**Recently Issued Accounting Pronouncements:**

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

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the Authority's financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the potential impact on the Authority's financial statements.

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**M. Impact of Recently Issued Accounting Principles (continued)**

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the Authority's financial statements.

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the Authority's financial statements.

**N. Subsequent Events**

The Parking Authority has evaluated subsequent events occurring after the Statement of Net Position date and through June 26, 2019, 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, 2018, and reported at fair value, are as follows:

	<u>2018</u>
<b>Deposits:</b>	
Demand deposits	\$ <u>428,467</u>
<b>Reconciliation of Statements of Net Position:</b>	
Current unrestricted assets:	
Cash	\$ 298,696
Current restricted assets:	
Cash	<u>129,771</u>
Total cash	\$ <u>428,467</u>

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**Notes to Financial Statements (continued)**  
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**NOTE 3: CASH (continued)**

**A. Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2018, the Authority's bank balances of \$419,567, was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the Authority's name under GUDPA	<u>169,567</u>
Total	<u>\$ 419,567</u>

**B. Restricted Cash**

Restricted cash consisted of the following:

New Jersey Transit Park & Ride facility	\$ 80,864
Funds held with trustee	<u>48,907</u>
Total	<u>\$ 129,771</u>

**NOTE 4: CAPITAL ASSETS**

Capital assets at December 31, 2018 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	329,573	8,500	-	338,073
Totals at historical cost	<u>1,187,865</u>	<u>8,500</u>	<u>-</u>	<u>1,196,365</u>
Less accumulated depreciation:	<u>(760,325)</u>	<u>(62,716)</u>	<u>-</u>	<u>(823,041)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>427,540</u>	<u>(54,216)</u>	<u>-</u>	<u>373,324</u>
Government activities capital assets, net	<u>\$ 580,790</u>	<u>\$ (54,216)</u>	<u>\$ -</u>	<u>\$ 526,574</u>

**PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER**  
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**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2018**

**NOTE 5: LONG-TERM DEBT**

During the year ended December 31, 2018, the following changes occurred in long-term obligations:

	Balance		Balance		Balance
	December 31, 2017	Additions	Reductions	December 31, 2018	Due Within One Year
Notes Payable	\$ 328,011	\$ -	\$ 76,266	\$ 251,745	\$ 75,060
Compensated Absences	65,985	-	17,949	48,036	-
Net Pension Liability	1,435,786	-	154,961	1,280,825	-
Net other postemployment benefits liability	2,906,841	158,677	-	3,065,518	-
	<u>\$ 4,736,623</u>	<u>\$ 158,677</u>	<u>\$ 249,176</u>	<u>\$ 4,646,124</u>	<u>\$ 75,060</u>

Notes payable at December 31, 2018 consisted of the following:

Mortgage payable to Santander Bank, secured by the land purchased, with an interest rate of 5.10% with monthly principal and interest payments of \$1,004. \$ 25,634

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. 23,427

Loan payable to Ford Motor Credit Company, secured by the vehicle purchased, with an interest rate of 5.95% with monthly principal and interest payments of \$539. 1,079

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. 25,821

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. 175,784

Total debt 251,745

Less: current portion (75,060)

Long-term debt, net of current portion \$ 176,685



**PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER**  
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**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2018**

**NOTE 5: LONG-TERM DEBT (continued)**

Future maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 75,060	\$ 8,959	\$ 84,019
2020	65,007	5,867	70,874
2021	44,962	6,033	50,995
2022	39,168	1,888	41,056
2023	27,548	396	27,944
	<u>\$ 251,745</u>	<u>\$ 23,143</u>	<u>\$ 274,888</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 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, 2018, there was a cumulative balance in this fund of \$(242,276). The contingency capital fund set aside for future major repairs as of December 31, 2018 was \$168,160. Combined, this resulted in net asset balances reserved for the New Jersey Transit contingency funds as of December 31, 2018 of \$(74,116).

**NOTE 7: RELATED PARTY COMMITMENTS**

**A. 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.

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**Notes to Financial Statements (continued)**  
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**NOTE 7: RELATED PARTY COMMITMENTS**

**B. 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.

**C. 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**

**A. 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.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
-------------	-------------------

- |   |  |
|---|--|
| 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

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**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2018**

**NOTE 8: PENSION OBLIGATIONS (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

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 allocations and the schedules of pension amounts by employer (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 2018, 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, 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, 2018, the Authority's contractually required contribution to PERS plan was \$64,705.

**Components of Net Pension Liability** – At December 31, 2018, the Authority's proportionate share of the PERS net pension liability was \$1,280,825. The net pension liability was measured as of June 30, 2018. 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, 2017, which was rolled forward to June 30, 2018. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Authority's proportion measured as of June 30, 2018, was 0.0065051300% which was an increase of 0.0003372307% from its proportion measured as of June 30, 2017.

**PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER**  
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**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2018**

**NOTE 8: PENSION OBLIGATIONS (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Balances at December 31, 2018 and December 31, 2017**

	<u>12/31/2018</u>	<u>12/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 446,789	\$ 556,541
Deferred Inflows of Resources	460,967	330,438
Net Pension Liability	1,280,825	1,435,788
 Parking Authority of the Township of Toms River's portion of the Plan's total Net Pension Liability	 0.00651%	 0.00617%

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2018, the Authority's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is \$150,025. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 24,426	\$ 6,604
Changes of Assumptions	211,059	409,540
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	12,014
Changes in Proportion and Differences between Parking Authority of the Township of Toms River's contributions and Proportion Share of Contributions	211,304	32,809
	<u>\$ 446,789</u>	<u>\$ 460,967</u>

**PARKING AUTHORITY OF THE TOWNSHIP OF TOMS RIVER**  
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**Notes to Financial Statements (continued)**  
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**NOTE 8: PENSION OBLIGATIONS (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The 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	-
Changes in 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
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	-
Changes in Proportion and Differences between Parking Authority of the Township of Toms River's 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

**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)**  
**For the year ended December 31, 2018**

**NOTE 8: PENSION OBLIGATIONS (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

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:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2019	\$ 60,539
2020	36,956
2021	(17,450)
2022	(80,038)
2023	<u>(14,185)</u>
	<u>\$ (14,178)</u>

**Actuarial Assumptions** – The total pension liability for the June 30, 2018 measurement date was determined by using an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales.

**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)**  
**For the year ended December 31, 2018**

**NOTE 8: PENSION OBLIGATIONS (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**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, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long –Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</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)**  
**For the year ended December 31, 2018**

**NOTE 8: PENSION OBLIGATIONS (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Discount Rate** – The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Authority's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	<b>1 % Decrease <u>(4.66%)</u></b>	<b>Current Discount Rate <u>(5.66%)</u></b>	<b>1% Increase <u>(6.66%)</u></b>
Parking Authority of the Township of Toms River's Proportionate Share of the Net Pension Liability	<u>\$ 1,610,493</u>	<u>\$ 1,280,825</u>	<u>\$ 1,004,259</u>

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**A. 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 and has been implemented prospectively.

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 Authority Plan is a single employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. The Authority Plan does not issue a separate financial report.



**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)**  
**For the year ended December 31, 2018**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)**

**A. General Information about the OPEB Plan (continued)**

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

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

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

**B. Actuarial Assumptions and Other Inputs**

This valuation has been conducted as of December 31, 2018 based on census, plan design and premium information provided by the 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, 2018 of \$3,065,518 is measured at December 31, 2017 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:

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%) 3.80% at December 31, 2018
Salary Increases	3.00%
Health Care Cost Trend	8.00% for 2018-2019 grading down to 5.00% (by 0.5% increments) in 2026.

**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)**  
**For the year ended December 31, 2018**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)**

**B. Actuarial Assumptions and Other Inputs (continued)**

Per Capita Claims Costs and Premiums	Annual per capita cost for retiree and spouse at age 64 and 65.
	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, 2018, the discount rate utilized was 3.80%.

**Changes in the Total OPEB Liability** – The changes to the total OPEB Liability during the year ending December 31, 2018 were as follows:

**Changes in the Total OPEB Liability**

<b>Total OPEB Liability</b>	
Balance, January 1, 2018	\$            2,906,841
Changes for the Year:	
Service Cost	75,972
Interest Cost	109,942
Changes of Assumptions	-
Difference between Actual and Expected	-
Benefits Paid (implicit)	(27,237)
Net Changes	158,677
Balance, December 31, 2018	\$            3,065,518

**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)**  
**For the year ended December 31, 2018**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)**

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be, if it were calculated using a discount rate that is 1-percentage-point lower (2.80 percent) or 1-percentage pointer higher (4.80 percent) that the current discount rate:

	December 31, 2018		
	At 1%	At Discount	At 1%
	Decrease (2.80%)	Rate (3.80%)	Increase (4.80%)
Total OPEB Liability	\$ 4,032,298	\$ 3,065,518	\$ 2,384,570

The following presents the total OPEB liability of the Authority, as well as what the 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, 2018		
	1% Decrease	Healthcare Cost Trend Rate*	1% Increase
	Total OPEB Liability	\$ 2,249,243	\$ 3,065,518

\* See Healthcare Cost Trend Assumptions for details of rates.

**C. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the Authority's OPEB expense was estimated to be \$158,677. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions or other inputs	-	-
Total	\$ -	\$ -

**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)**  
**For the year ended December 31, 2018**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)**

**C. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB (continued)**

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

<u>Year Ending December 31,</u>	
2019	\$ -
2020	-
2021	-
2022	-
Thereafter	<u>-</u>
	<u><u>\$ -</u></u>

**D. Other Supplementary Information**

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

	Fiscal Year Ending December 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service Cost	\$ 75,972	N/A	N/A
Interest Cost	109,942		
Changes of Assumptions	-		
Difference between Actual and Expected	-		
Benefits Paid (implicit)	<u>(27,237)</u>		
Net Change in Total OPEB Liability	158,677		
Total OPEB Liability (Beginning)	<u>2,906,841</u>		
Total OPEB Liability (Ending)	<u><u>\$ 3,065,518</u></u>		
Total Covered Employee Payroll	331,743		
Net OPEB Liability as a Percentage of Payroll	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)**  
**For the year ended December 31, 2018**

**NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)**

**D. Other Supplementary Information (continued)**

**Schedule of Funding Progress**

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

**Schedule of Employer Contributions**

Year Ended December 31,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency	Covered Payroll	Contributions Percentage Covered Payroll
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 year ended December 31, 2018.

**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)**  
**For the year ended December 31, 2018**

**NOTE 11: DEFICIT UNRESTRICTED NET POSITION**

As reflected on the statements of net position, a deficit in unrestricted net position of \$(4,673,459) existed as of December 31, 2018, 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 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 Authority and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the Authority is facing financial difficulties.

**NOTE 12: CONSTRUCTION COMMITMENTS**

On July 5, 2016, the Authority obtained lease purchase financing in the amount of \$250,000 to install new meters in the downtown area. As of December 31, 2018, the total amount spent on this project was \$201,093. The project was completed in 2017, however the remaining \$48,907 was set aside for future purchases.

**NOTE 13: PRIOR PERIOD ADJUSTMENT/RESTATEMENT OF NET POSITION**

Net position as of January 1, 2018 has been restated as follows for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, & 74

Net Position as Previously reported at December 31, 2017	\$ (1,311,454)
Prior period adjustment - Implementation of GASB 75:	
Net OPEB Liabilities (measurement date as of December 31, 2017)	<u>(2,906,841)</u>
Total prior period adjustment	<u>(2,906,841)</u>
Net position as restated, January 1, 2018	<u>\$ (4,218,295)</u>

**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 Six Fiscal Years \*

	Measurement Date Ended June 30,					
	2018	2017	2016	2015	2014	2013
Authority's proportion of the net pension liability (asset)	0.00651%	0.00617%	0.00640%	0.00552%	0.00496%	0.00413%
Authority's proportionate share of the net pension liability (asset)	\$ 1,280,825	\$ 1,435,786	\$ 1,896,940	\$ 1,239,699	\$ 928,999	\$ 789,840
Authority's covered-employee payroll	\$ 465,609	\$ 444,702	\$ 419,996	\$ 366,970	\$ 338,378	\$ 338,378
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	275.09%	322.86%	451.66%	337.82%	274.54%	233.42%
Plan fiduciary net position as a percentage of the total pension liability	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 Six Fiscal Years \*

	Year Ended December 31,					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 64,705	\$ 57,139	\$ 56,900	\$ 47,479	\$ 40,905	\$ 31,139
Contributions in relation to the contractually required contribution	<u>(64,705)</u>	<u>(57,139)</u>	<u>(56,900)</u>	<u>(47,479)</u>	<u>(40,905)</u>	<u>(31,139)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 381,442	\$ 465,609	\$ 444,702	\$ 419,996	\$ 366,970	\$ 338,378
Contributions as a percentage of covered-employee payroll	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**  
**State Health Benefit Local Retired Employees Plan (OPEB)**  
**Last Fiscal Year"**

	<b>2018</b>
<b>Authority's Total OPEB Liability</b>	
Service Cost	\$ 75,972
Interest Cost	109,942
Changes in Assumptions	-
Contributions: Members	-
Gross Benefit Payments	(27,237)
<b>Net Changes in the Authority's Total OPEB Liability</b>	<b>158,677</b>
Authority's Total OPEB Liability (Beginning)	2,906,841
Authority's Total OPEB Liability (Ending)	\$ 3,065,518
Authority's Covered Payroll	\$ 331,743
Authority's Net OPEB Liability as a Percentage of Payroll	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, 2018**

**Public Employees' Retirement System (PERS)**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

The discount rate changed from 5.00% as of June 30, 2017, to 5.66% as of June 30, 2018.

**State Health Benefit Local Retired Employees Plan (OPEB)**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

There were no changes from 2018 and 2017. The discount rate was 3.80% as of December 31, 2018 and 2017.

**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, 2018**

	2018			
	Unrestricted	Restricted		Total
	General Fund	Contingency Capital Fund	Contingency Fund Reserve	
Operating revenues:				
Meters	\$ 325,673	\$ 7,500	\$ 219,869	\$ 553,042
Bus ticket commissions	268,955	-	-	268,955
Decals	124,454	2,500	54,651	181,605
Fines	140,703	-	-	140,703
Contracts	16,000	-	-	16,000
<b>Total operating revenues</b>	<b>875,785</b>	<b>10,000</b>	<b>274,520</b>	<b>1,160,305</b>
Operating expenses:				
Cost of providing services	667,709	-	243,961	911,670
General and administrative	204,235	-	48,762	252,997
Depreciation	62,716	-	-	62,716
Unbudgeted pension expense	85,320	-	-	85,320
Unbudgeted other postemployment benefit expense	158,677	-	-	158,677
<b>Total operating expenses</b>	<b>1,178,657</b>	<b>-</b>	<b>292,723</b>	<b>1,471,380</b>
<b>Net operating (loss) income</b>	<b>(302,872)</b>	<b>10,000</b>	<b>(18,203)</b>	<b>(311,075)</b>
Non-operating revenue (expenses):				
Vending commissions	65,634	-	-	65,634
Interest expense	(12,152)	-	-	(12,152)
Miscellaneous	3,136	-	-	3,136
<b>Total non-operating revenues (expenses)</b>	<b>56,618</b>	<b>-</b>	<b>-</b>	<b>56,618</b>
<b>Change in net position</b>	<b>(246,254)</b>	<b>10,000</b>	<b>(18,203)</b>	<b>(254,457)</b>
Net position, January 1	(1,245,535)	158,160	(224,079)	(1,311,454)
Prior period restatement (see note 13)	(2,906,841)	-	-	(2,906,841)
Net position, January 1 (as restated)	(4,152,376)	158,160	(224,079)	(4,218,295)
<b>Net position, December 31</b>	<b>\$ (4,398,630)</b>	<b>\$ 168,160</b>	<b>\$ (242,282)</b>	<b>\$ (4,472,752)</b>

**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, 2018**

	2018			
	Unrestricted	Restricted		Total
	General Fund	Contingency Capital Fund	Contingency Fund Reserve	
Cost of providing services:				
Salaries	\$ 280,893	\$ -	\$ 94,817	\$ 375,710
Hospitalization	174,080	-	-	174,080
Utilities	18,800	-	33,415	52,215
Rent	-	-	48,000	48,000
Repairs and maintenance	8,847	-	19,683	28,530
Vending	27,469	-	-	27,469
Pension expense	44,633	-	13,958	58,591
Payroll taxes	24,668	-	7,822	32,490
Automotive expense	13,935	-	-	13,935
Janitorial expense	-	-	10,009	10,009
Meter parts and supplies	44,400	-	3,084	47,484
Miscellaneous	5,168	-	4,735	9,903
Security	-	-	1,216	1,216
Uniforms	458	-	-	458
Snow removal costs	1,495	-	1,354	2,849
Signs	800	-	-	800
Ticketing	8,742	-	-	8,742
Lot lease	13,321	-	-	13,321
Equipment expense	-	-	5,868	5,868
<b>Total cost of providing services</b>	<b>667,709</b>	<b>-</b>	<b>243,961</b>	<b>911,670</b>
General and administrative expenses:				
Insurance	52,904	-	41,205	94,109
Salaries	49,534	-	-	49,534
Professional fees	24,483	-	6,304	30,787
Office supplies and expense	11,244	-	1,253	12,497
Telephone	11,679	-	-	11,679
Hospitalization	10,691	-	-	10,691
Bank charges	29,665	-	-	29,665
Data processing	2,856	-	-	2,856
Payroll taxes	3,303	-	-	3,303
Pension expense	7,876	-	-	7,876
<b>Total general and administrative expenses</b>	<b>204,235</b>	<b>-</b>	<b>48,762</b>	<b>252,997</b>
Depreciation	62,716	-	-	62,716
Unbudgeted pension expense	85,320	-	-	85,320
Unbudgeted other postretirement benefit expense	158,677	-	-	158,677
<b>Total operating expenses</b>	<b>\$ 1,178,657</b>	<b>\$ -</b>	<b>\$ 292,723</b>	<b>\$ 1,471,380</b>

**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, 2018**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Unrestricted Actual</u>	<u>Variance</u>
Operating revenues:				
Meters, decals, and fines	\$ 599,077	\$ 599,077	\$ 590,830	\$ (8,247)
Bus ticket commissions	285,912	285,912	268,955	(16,957)
Contracts	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total operating revenues	<u>900,989</u>	<u>900,989</u>	<u>875,785</u>	<u>(25,204)</u>
Operating expenses:				
Cost of providing services	673,276	673,276	667,709	5,567
General and administrative expenses	<u>213,102</u>	<u>213,102</u>	<u>204,235</u>	<u>8,867</u>
Total operating expenses	<u>886,378</u>	<u>886,378</u>	<u>871,944</u>	<u>14,434</u>
Modified net operating income (loss)	<u>14,611</u>	<u>14,611</u>	<u>3,841</u>	<u>(10,770)</u>
Non-operating revenues (expenses):				
Vending commissions	61,482	61,482	65,634	4,152
Interest expense	(12,313)	(12,313)	(12,152)	161
Miscellaneous	<u>-</u>	<u>-</u>	<u>3,136</u>	<u>3,136</u>
Total non-operating revenues (expenses)	<u>49,169</u>	<u>49,169</u>	<u>56,618</u>	<u>7,449</u>
Debt service:				
Debt service - principal payments	<u>(77,094)</u>	<u>(77,094)</u>	<u>(76,266)</u>	<u>828</u>
Total debt service	<u>(77,094)</u>	<u>(77,094)</u>	<u>(76,266)</u>	<u>828</u>
Net budgeted income - modified basis	<u>\$ (13,314)</u>	<u>\$ (13,314)</u>	<u>\$ (15,807)</u>	<u>\$ (2,493)</u>
<b>Reconciliation to change in net position:</b>				
Net budgeted loss - modified basis			\$ (15,807)	
Plus: debt service			76,266	
Less: depreciation			(62,716)	
Less: unbudgeted pension expense			(85,320)	
Less: unbudgeted other postemployment benefit expense			<u>(158,677)</u>	
Change in unrestricted net position			(246,254)	
Change in restricted net position			<u>(8,203)</u>	
Change in net position			<u>\$ (254,457)</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, 2018**

BOARD OF COMMISSIONERS

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

MANAGEMENT

Pamela Piner	Executive Director
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HOLMAN | FRENIA  
ALLISON, P.C.  
Certified Public Accountants & Consultants

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912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

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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, 2018. 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.

### ***Comment 2018-001:***

It was noted during the audit of the vending machine collection testing that the vending machine cash count sheets did not have a second reviewer of the cash collected against the vending machine report.

### **Recommendation:**

Good business practice requires that two people are present during cash counts or a second employee review the cash collected against the vending machine report on a timely basis.

### **Management's Response:**

This will be corrected in 2019.

### **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.

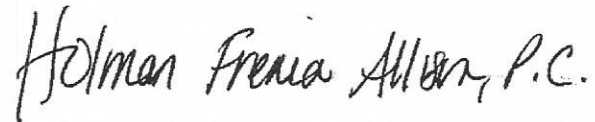


**Acknowledgment**

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.

Respectfully Submitted,

A handwritten signature in black ink that reads "Holman Frenia Allison, P.C." in a cursive script.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

June 26, 2019  
Toms River, New Jersey