

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
The Parking Authority of the Town of Morristown
Morristown, New Jersey 07960

Report on the Financial Statements

We have audited the accompanying basic financial statements of the business-type activities and the aggregate remaining fund information of The Parking Authority of the Town of Morristown (a Component Unit of the Town of Morristown) as of and for the year ended December 31, 2016, 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 basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 requirements as prescribed by the Bureau of Authority Regulation, 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 basic financial statements are free of material misstatement. An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that the audit evidence obtained is sufficient to provide a reasonable basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of The Parking Authority of the Town of Morristown (a Component Unit of the Town of Morristown) as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

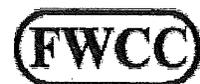
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, schedule of the Authority's proportionate share of the net pension liability-PERS and schedule of the Authority's contributions-PERS, as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information listed in the table of contents including statistical information and the letter of comments and recommendations section are presented for purposes of additional analysis, as required by the Division of Local Government Services and are not a required part of the financial statements.

The supplemental information listed in the table of contents are the responsibility of management and were derived from the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated June 27, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in considering the Authority's internal control over financial reporting and compliance.

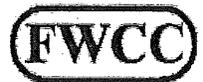
Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.

Certified Public Accountants

Newton, New Jersey

June 27, 2017



REQUIRED SUPPLEMENTARY INFORMATION – PART 1

*The Parking Authority of the Town of Morristown
(A Component Unit of the Town of Morristown)
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(UNAUDITED)*

Our discussion and analysis of The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown) financial activities for the year ended December 31, 2016. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net position increased \$1,131,033.91 as a result of this year's operations or 8.59 percent.
- Total cost of the Authority's programs was \$7,121,971.26 in 2016 compared to \$6,429,415.39 in 2015.
- During the year, the Authority had program expenses for business-type activities that were \$1,131,033.91 less than the \$8,253,005.17 in program revenues.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view on the Authority's finances. Entity Wide financial statements – Proprietary Funds begin on page 13.

Reporting the Authority as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of the year's activities?". The Authority's finance's, as a whole, are better off this year. Parking revenues for the year ending December 31, 2016 increased when compared with the previous year and revenues overall were in excess of the minimum requirements. In 2004 the Parking Authority received proceeds from the sale of 200 non-reserved parking spaces in the Ann/Bank/Schuyler Parking garage to the County of Morris. The proceeds from that sale were used to construct approximately 100 public parking spaces at the Vail Mansion project and as a down payment for the Maple Avenue Parking Garage/Office Building Project. Both of these major capital improvement projects have been completed. The Vail Mansion project was opened to the parking public in 2008. The DeHart Street Parking Garage/ Maple Avenue Office Building is also now complete and open to the public. These projects represent a major contribution to the Town's parking infrastructure. Parking activity has continued to increase steadily at the DeHart Street Garage, due to new retail shops, background demand and new development. The familiarity and satisfaction with the parking facility by people living in or visiting Morristown has also contributed to the increased activity. As anticipated, activity resulting from the Century 21 Department Store remains strong, as is activity during the daytime and evening resulting from the new Epstein's Redevelopment Project and new residential townhomes on Maple Avenue and Modera (Phase I) apartment complex. Modera (Phase II) is currently under construction and proceeding according to schedule.

In addition, the 2 South Street and 5 Park Place residential/commercial development project has been completed and is fully occupied. The Hampshire Global Partners, LLC office project on Market Street (FoxsRothchild building) is nearly complete and occupied. Further, the long awaited Metropolitan Lofts building, a residential/commercial project on DeHart Street is underway and when completed will further improve the Authority's financial position. There are several pending future development projects including Vertical Realty Capital, LLC, a mixed use residential/commercial project and a Planning Board approved Sunstone Hotels Morristown, LLC. Both projects are located on Market Street.

Reporting the Authority as a Whole (Continued)

The Statement of Net Position and the Statement of Activities (Continued)

The Statement of Net Position and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority’s *net position* and changes in them. You can think of the Authority’s net position, the difference between assets and liabilities, as one way to measure the Authority’s financial health, or *financial position*. Over time, *increases* or *decreases* in the Authority’s net position are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Authority’s user fee base, and the condition of the Authority’s capital assets to assess the overall *health* of the Authority. Critical to the financial health of the Authority is its user fee base. Morristown is a designated Regional Center.

The Town of Morristown serves as the economic, financial, transportation and political hub of Morris County. Morristown is also the cultural center of Morris County. The Authority’s user fee base has increased significantly due to the recent construction and occupancy of retail and residential projects within the Town of Morristown. These development projects have been completed and have helped to revitalize the Town and the Authority’s parking facilities will continue to support existing and future development within the Central Business District.

**Major Features of
The Parking Authority of the Town of Morristown
Entity Wide Financial Statements
(Figure A-1)**

Entity Wide Financial Statements	
Business-Type Funds	
Scope	Activities the Authority operates similar to private businesses.
Required financial statements	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred inflows/outflows and liabilities, both financial and capital, and short-term and long-term.
Type of inflow/outflow information	All revenues and expenses, regardless of when cash is received or paid.

THE AUTHORITY AS A WHOLE

The Authority's net position changed from a year ago, *increasing* from \$13,164,248.58 to \$14,295,282.49. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Authority's business-type activities as of December 31.

Table 1
Net Position

	Business-Type	
	2016	2015
Current and Other Assets	\$ 8,264,951.02	\$ 6,585,883.75
Capital Assets	42,271,487.68	43,196,234.66
Total Assets	<u>50,536,438.70</u>	<u>49,782,118.41</u>
Deferred Outflows	1,508,067.00	679,129.00
Long-Term Debt Outstanding	31,750,000.00	32,750,000.00
Other Liabilities	5,970,450.21	4,467,169.83
Total Liabilities	<u>37,720,450.21</u>	<u>37,217,169.83</u>
Deferred Inflows	28,773.00	79,829.00
Net Position:		
Net Investment in Capital Assets	9,521,487.68	9,476,234.66
Restricted/Assigned	7,046,408.53	5,180,937.80
Unrestricted/Unassigned	<u>(2,272,613.72)</u>	<u>(1,492,923.88)</u>
Total Net Position	<u>\$ 14,295,282.49</u>	<u>\$ 13,164,248.58</u>

- Net position of the Authority's business-type activities increased by 8.59 percent.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$779,689.84.
- Restricted net position, increased by \$1,865,470.73.
- The net investment in capital assets increased \$45,253.02.

Table 2
Changes in Net Position

	<u>Activites</u>	
	<u>2016</u>	<u>2015</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 5,756,134.27	\$ 5,079,849.74
Interest and Investment Earnings	10,567.94	2,665.44
Other General Revenues	<u>2,486,302.96</u>	<u>1,439,639.70</u>
Total Revenues	<u>8,253,005.17</u>	<u>6,522,154.88</u>
<u>Program Expenses</u>		
Business-type Activities:		
Parking	6,661,952.28	5,918,000.09
Capital Expenditures	<u>460,018.98</u>	<u>511,415.30</u>
Total Expenses	<u>7,121,971.26</u>	<u>6,429,415.39</u>
Increase/(Decrease) in Net Position	<u>\$ 1,131,033.91</u>	<u>\$ 92,739.49</u>

Business-type Activities

Authority's major Enterprise Fund consists of the Parking Operations. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 3, which demonstrates return on ending assets and return on ending net position.

Table 3

	<u>Parking</u>
Total Assets	\$ 50,536,438.70
Net Position	\$ 14,295,282.49
Change in Net Position	\$ 1,131,033.91
Return on Ending Total Assets	2.24%
Return on Ending Net Position	7.91%

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

Table 4
Net Investment in Capital Assets at Year-end

	<u>Activities</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 1,821,297.00	\$ 1,821,297.00
Land Improvements	1,755,383.82	1,732,208.82
Buildings and Improvements	48,274,690.59	48,274,690.59
Machinery and Equipment	<u>2,688,572.72</u>	<u>2,574,635.72</u>
Subtotal	54,539,944.13	54,402,832.13
Accumulated Depreciation	<u>(12,268,456.45)</u>	<u>(11,206,597.47)</u>
Totals	<u>\$ 42,271,487.68</u>	<u>\$ 43,196,234.66</u>

This year’s major additions in the Business-type Activities included ongoing expenditures including legal, consulting and other costs relating to Authority projects such as construction projects, pay station upgrades and elevator modernization improvements.

The Authority anticipates additional monies will be spent from the 2017 capital budget, including finalizing expenditures from the Improvement Fund and various system and garage improvements. More detailed information about the Authority’s capital assets is presented in the notes to the basic financial statements.

DEBT

At year – end the Authority had total debt of \$36,793,584.00 outstanding versus \$36,414,469.00 last year – an increase of 1.04 percent – as shown in Table 5.

Outstanding Debt, at Year –end
Table 5

	<u>Business-type</u> <u>Activities</u>	
	<u>2016</u>	<u>2015</u>
Revenue Bonds	\$ 32,750,000.00	\$ 33,720,000.00
Net Pension Liability	<u>4,043,584.00</u>	<u>2,694,469.00</u>
	<u>\$ 36,793,584.00</u>	<u>\$ 36,414,469.00</u>

A more detailed analysis of the Authority’s Debt is presented in the notes to the basic financial statements.

CONTACTING THE AUTHORITY FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Authority’s finances and to show the Authority’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director, Morristown Parking Authority, 14 Maple Ave., Suite 101, Morristown, New Jersey 07960.

BASIC FINANCIAL STATEMENTS

ENTITY WIDE FINANCIAL STATEMENTS

PROPRIETARY FUNDS

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Parking</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 7,146,850.02	\$ 7,146,850.02
Payments to Suppliers	<u>(3,208,617.28)</u>	<u>(3,208,617.28)</u>
Net Cash Provided by Operating Activities	<u>3,938,232.74</u>	<u>3,938,232.74</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
2016 Budget Appropriation	7,000.00	7,000.00
Revolving Change Machines Deposits	245,391.00	245,391.00
Advances to Revolving Change Machine	(240,750.00)	(240,750.00)
Credit Card Fees/Bad Checks	(105,877.39)	(105,877.39)
Scan Card Fees Held in Escrow	10,325.00	10,325.00
Due to Applied Companies	54,000.00	54,000.00
Paid to Applied Companies	(67,500.00)	(67,500.00)
Refund of Scan Cards Fees	(6,835.20)	(6,835.20)
Increase in Payroll Deductions Payable	4,410.79	4,410.79
Payment of Claims	(7,149.50)	(7,149.50)
Forfeiture of Scan Card Deposits	<u>(3,165.00)</u>	<u>(3,165.00)</u>
Net Cash (Used) for Non-Capital Financing Activities	<u>(110,150.30)</u>	<u>(110,150.30)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of Debt Service - Principal	(970,000.00)	(970,000.00)
Payment of Debt Service - Interest	(1,486,612.54)	(1,486,612.54)
Capital Contributions	946,000.00	946,000.00
Additions to Capital Assets	(137,112.00)	(137,112.00)
Non-Capitalized Expenditures	<u>(460,018.98)</u>	<u>(460,018.98)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(2,107,743.52)</u>	<u>(2,107,743.52)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	<u>10,567.94</u>	<u>10,567.94</u>
Net Cash Provided by Investing Activities	<u>10,567.94</u>	<u>10,567.94</u>
Net Increase in Cash and Cash Equivalents	1,730,906.86	1,730,906.86
Balances—Beginning of Year	<u>5,947,504.44</u>	<u>5,947,504.44</u>
Balances—End of Year	<u>\$ 7,678,411.30</u>	<u>\$ 7,678,411.30</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 2,220,305.81	\$ 2,220,305.81
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	1,061,858.98	1,061,858.98
Adjustment for Net Pension Liability	469,121.00	469,121.00
Decrease in Payroll Advance	51,134.95	51,134.95
Increase in Accounts Receivable	(11,734.26)	(11,734.26)
Increase in Prepaid Revenue	34,327.30	34,327.30
Increase in Accounts Payable	<u>113,218.96</u>	<u>113,218.96</u>
Total Adjustments	<u>1,717,926.93</u>	<u>1,717,926.93</u>
Net Cash Provided by Operating Activities	<u>\$ 3,938,232.74</u>	<u>\$ 3,938,232.74</u>

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

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Parking</u>	<u>Totals</u>
Operating Revenues:		
On and Off Street Revenues	\$ 5,756,134.27	\$ 5,756,134.27
Other Operating Revenues	<u>1,277,586.96</u>	<u>1,277,586.96</u>
Total Operating Revenues	<u>7,033,721.23</u>	<u>7,033,721.23</u>
Operating Expenses:		
Administration and Maintenance	3,751,556.44	3,751,556.44
Depreciation	<u>1,061,858.98</u>	<u>1,061,858.98</u>
Total Operating Expenses	<u>4,813,415.42</u>	<u>4,813,415.42</u>
Operating Income	<u>2,220,305.81</u>	<u>2,220,305.81</u>
Nonoperating Revenues (Expenses):		
Interest Income	10,567.94	10,567.94
Interest Expense	(1,472,320.87)	(1,472,320.87)
Payment of Claims	(7,149.50)	(7,149.50)
Non-Capitalized Expenditures	(460,018.98)	(460,018.98)
Budget Appropriation	7,000.00	7,000.00
Miscellaneous Deposits	255,716.00	255,716.00
Miscellaneous Disbursements	(356,627.59)	(356,627.59)
Unamortized Debt Discount Costs	(12,438.90)	(12,438.90)
Capital Contributions	<u>946,000.00</u>	<u>946,000.00</u>
Total Nonoperating Revenues (Expenses)	<u>(1,089,271.90)</u>	<u>(1,089,271.90)</u>
Change in Net Position	1,131,033.91	1,131,033.91
Total Net Position—Beginning	<u>13,164,248.58</u>	<u>13,164,248.58</u>
Total Net Position—Ending	<u>\$ 14,295,282.49</u>	<u>\$ 14,295,282.49</u>

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

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Parking</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 7,146,850.02	\$ 7,146,850.02
Payments to Suppliers	<u>(3,208,617.28)</u>	<u>(3,208,617.28)</u>
Net Cash Provided by Operating Activities	<u>3,938,232.74</u>	<u>3,938,232.74</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
2016 Budget Appropriation	7,000.00	7,000.00
Revolving Change Machines Deposits	245,391.00	245,391.00
Advances to Revolving Change Machine	(240,750.00)	(240,750.00)
Credit Card Fees/Bad Checks	(105,877.39)	(105,877.39)
Scan Card Fees Held in Escrow	10,325.00	10,325.00
Due to Applied Companies	54,000.00	54,000.00
Paid to Applied Companies	(67,500.00)	(67,500.00)
Refund of Scan Cards Fees	(6,835.20)	(6,835.20)
Increase in Payroll Deductions Payable	4,410.79	4,410.79
Payment of Claims	(7,149.50)	(7,149.50)
Forfeiture of Scan Card Deposits	<u>(3,165.00)</u>	<u>(3,165.00)</u>
Net Cash (Used) for Non-Capital Financing Activities	<u>(110,150.30)</u>	<u>(110,150.30)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of Debt Service - Principal	(970,000.00)	(970,000.00)
Payment of Debt Service - Interest	(1,486,612.54)	(1,486,612.54)
Capital Contributions	946,000.00	946,000.00
Additions to Capital Assets	(137,112.00)	(137,112.00)
Non-Capitalized Expenditures	<u>(460,018.98)</u>	<u>(460,018.98)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(2,107,743.52)</u>	<u>(2,107,743.52)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	<u>10,567.94</u>	<u>10,567.94</u>
Net Cash Provided by Investing Activities	<u>10,567.94</u>	<u>10,567.94</u>
Net Increase in Cash and Cash Equivalents	1,730,906.86	1,730,906.86
Balances—Beginning of Year	<u>5,949,274.44</u>	<u>5,949,274.44</u>
Balances—End of Year	<u>\$ 7,680,181.30</u>	<u>\$ 7,680,181.30</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 2,220,305.81	\$ 2,220,305.81
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,061,858.98	1,061,858.98
Adjustment for Net Pension Liability	469,121.00	469,121.00
Decrease in Payroll Advance	51,134.95	51,134.95
Increase in Accounts Receivable	(11,734.26)	(11,734.26)
Increase in Prepaid Revenue	34,327.30	34,327.30
Increase in Accounts Payable	<u>113,218.96</u>	<u>113,218.96</u>
Total Adjustments	<u>1,717,926.93</u>	<u>1,717,926.93</u>
Net Cash Provided by Operating Activities	<u>\$ 3,938,232.74</u>	<u>\$ 3,938,232.74</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of The Parking Authority of the Town of Morristown (a Component Unit of the Town of Morristown) (the "Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Authority has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Authority has chosen not to do so. The more significant accounting policies established in GAAP and used by the Authority are discussed below.

B. Reporting Entity

These financial statements present the Authority. GASB has issued Statement's No. 39 and 61, which amends GASB 14 and requires the financial reporting entity to include both the primary government and those component units. Component units are legally separate organizations for which the Authority is financially accountable or other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Authority is financially accountable to the Town of Morristown (the "Town") since the Town appoints a voting majority of the Authority's board, and (1) the Town is able to significantly influence the programs and services performed or provided by the Authority; or (2) the Town is legally entitled to or can otherwise access the Authority's resources; the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the Authority; or the Town is obligated for the debt of the Authority. Component units may also include organizations that are fiscally dependent on the Town in that the Town approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Authority is a component unit of the primary government of the Town of Morristown. The Commissioners of the Authority are appointed by the Town Council of the Town of Morristown for staggered terms of five years. The Town has assumed certain obligations under a Replenishment Agreement dated June 1, 1997.

The Division of Local Government Services, Department of Community Affairs, State of New Jersey has not mandated that municipalities in the State of New Jersey implement GASB 34 therefore the Town's financial statements are not presented.

The Authority was created by ordinance of the Town of Morristown, N.J. finally adopted by the Mayor and Board of Aldermen thereof on February 14, 1956, pursuant to Chapter 198, P.L. 1948, (Revised Statutes 40:11A). The Parking Authority exists as a public body politic and corporate constituting a political subdivision of the State of New Jersey.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

Under the Enabling Act, the Authority is authorized and empowered, among other things: to construct, maintain, repair and operate parking projects; to issue its revenue bonds; to fix, alter, charge and collect rents, rates and fees for use of parking projects; to sue and be sued; to borrow money; to invest its funds; and to sell, transfer and dispose of any of its property. The Authority also has the right to acquire real property by the exercise of the power of eminent domain, subject to the consent of the governing body of the Town of Morristown.

The Authority is restricted to function within the geographical limits of the Town of Morristown.

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

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The primary criterion for including activities within the Authority's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Authority. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the Authority over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Authority is not includable in any other reporting entity on the basis of such criteria.

On September 24, 1956 the Town of Morristown and the Authority entered into an agreement whereby the Town turned over to the Authority the operation and maintenance of all on-street and off-street parking facilities, meters and equipment.

On April 24, 1984, the Authority entered into an agreement with Schuyler Place Associates relating to the construction of Ann-Bank Street Parking Garage.

On June 13, 1984, the Town and the Authority executed a loan agreement (the "Loan Agreement") providing for the loan to the Authority of \$5,650,000 and the subsequent repayment thereof by the Authority. The Authority agreed to pay the Town an amount equal to the principal and interest due on the 1985 General Obligation Bonds for the Schuyler Parking Project. The loan to the Authority was made on June 13, 1984 from the proceeds of the sale of bond anticipation notes in the amount of \$5,650,000.00.

In June of 1992 Schuyler Place Associates transferred its interest in the Upper Space Agreement to Massachusetts Mutual Life Insurance Company by way of assignment in lieu of foreclosure, and on December 1, 1992 the County of Morris purchased the 30 Schuyler Place office building from Massachusetts Mutual Life Insurance Company. Pursuant to the Upper Space Agreement (air-rights lease) between Schuyler Place Associates and the Authority, the County of Morris, as successor, agreed to pay to the Authority an Incremental Bonded Cost and annual rent for the Upper Space.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

On December 23, 1993 the Parking Authority and County of Morris executed an Agreement of Sale Mutual Cooperation and Reciprocal Easements, as well as a Master Parking Lease Agreement, wherein the County of Morris purchased from the Authority the fee interest and air rights within which the 30 Schuyler Place office building has been constructed as well as the sale of one hundred twenty-six (126) parking spaces in the Ann-Bank Street Parking Garage, and rental of an additional forty (40) parking spaces for a term of five (5) years, for the sum of \$2,750,000.00. The County of Morris will continue to pay the Annual Incremental Bonded Cost, as adjusted on a prorata basis, \$20,567.50, commencing with the date of closing and payable on the first day of each month thereafter until December 1, 2014

On July 1, 1994 the Authority retired \$800,000 of the 1972 issue of debt for the Authority pursuant to Resolution No. 35-1994. On January 1, 1996 the Authority made its final installment payment on the revenue serial bond issue of 1972.

On May 16, 1997 the Authority issued \$5,785,000 principal amount of Guaranteed Parking Revenue Bonds - Series of 1997, dated as of June 1, 1997 for the purpose of repaying the Authority's obligation under the Loan Agreement with the Town dated as of June 13, 1984 and funding a Debt Service Reserve Fund. This refinancing effectuated a reduced financial obligation for the Authority.

On June 10, 1998 the Authority issued \$9,265,000 principal amount of Guaranteed Parking Revenue Bonds - Series of 1998, dated as of August 1, 1998.

On May 9, 2002 the Authority issued \$4,860,000.00 principal amount of Guaranteed Parking Revenue Bonds - Series 2002, dated as of May 1, 2002 for the purpose of: (1) currently refunding the outstanding Guaranteed Parking Revenue Bonds - Series 1997; (2) funding a Debt Service Reserve Fund; and (3) paying the costs and expenses incurred in connection with the issuance and delivery of the Bonds.

The Authority issued \$10,025,000.00 of Guaranteed Parking Revenue Bonds dated February 15, 2004. The Bonds together with other available funds are being used for: (1) advance refunding of the outstanding Guaranteed Parking Revenue Bonds - Series 1998; (2) funding a Debt Service Reserve Fund; and (3) paying the costs and expenses in connection with the issuance and delivery of the Bonds.

The Authority issued \$27,180,000.00 of Guaranteed Parking Revenue Bonds dated July 1, 2007. The Bonds together with other available funds are being used for: (1) designing and constructing an approximately 781 space parking facility and an attached 33,815 square feet. four story office building; (2) funding capitalized interest; (3) funding a Debt Service Reserve Fund; and (4) paying the costs and expenses in connection with the issuance and delivery of the Bonds.

The Authority issued \$9,890,000.00 of Guaranteed Parking Revenue Bonds - Series 2011 dated August 1, 2011. The Bonds together with other available funds are being used for: (1) currently refunding of the Authority's outstanding Guaranteed Parking Revenue Bonds - Series 2002; (2) currently refunding of the Authority's outstanding Guaranteed Parking Revenue Bonds - Series 2004; (3) funding a Debt Service Reserve Fund; and (4) paying the costs and expenses in connection with the issuance and delivery of the Bonds.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Entity Wide Financial Statements

The financial transactions of the Authority are reported in the Proprietary Fund in the Entity Wide financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows and inflows, liabilities, reserves, net position, revenues and expenditures/expenses. This fund is reported by generic classification within the financial statements.

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Fund of the Authority:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Authority is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the users on a continuing basis be financed or recovered primarily through user charges; or, where the Authority has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20-50 years
Improvements	10-20 years
Machinery and Equipment	5-10 years
Light Trucks and Vehicle	5 years
Heavy Trucks and Vehicle	6 years

Land and Construction in Progress are not depreciated.

D. Measurement Focus and Basis of Accounting

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, grants entitlements and donations

E. Budgets/Budgetary Control

The annual budget is required to be balanced and authorities are permitted to utilize unrestricted net position to balance their budget; however, the maximum amount which can be utilized is the lesser of (a) the estimated year-end balance of unrestricted net position or (b) working capital reduced by unrestricted assets not ordinarily convertible into cash (non-liquid, such as prepaid insurance and inventory).

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued)

For the purpose of using projected Unrestricted Net Position or funding operating deficits, Authorities are permitted to amend or modify the annual operating budget, since actual results may differ from the amount estimated in the budget process.

Amendments to the operating and/or capital budgets may be permitted for a variety of conditions, as more fully described in the rules and regulations promulgated by the Local Finance Board. There were no significant budget amendments during the fiscal year.

F. Assets, Liabilities and Net Position

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be investments. U.S. Treasury and Agency Obligations and Certificates of Deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Authorities are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 40A:5-15.1 et. seq. provides a list of permissible investments that may be purchased by New Jersey Authorities.

2. Bond Discounts/Premiums Issuance Costs/Deferred Amount on Refunding

Bond discounts, issuance costs, and deferred amount on refundings are deferred and amortized over the term of the bonds using a straight-line method. Bond discounts are presented as a reduction of the face amount of the bonds payable, whereas issuance costs are recorded as other assets.

3. Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to debt related trustee accounts and debt service reserve and operating requirements.

4. Compensated Absences

The Authority's policies regarding sick time permit employees to be compensated for earned but unused sick leave at a rate of 50% at the end of the calendar year. No vacation or sick time may be carried over from year to year without prior approval of the Board of Commissioners.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities and Net Position (Continued)

5. Long-term Obligations

Long – term debt is recognized as a liability of the proprietary fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately.

6. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

7. Net Position Classification

Entity Wide Statements

Net Position is classified as net assets plus deferred outflows minus total liabilities and deferred inflows and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of the components of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other components of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates. The items where estimates would occur are for depreciation of capital assets and their useful lives.

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Recent Accounting Pronouncements

GASB 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", will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans", will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB 82, "Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73, will be effective for entities with fiscal years beginning after June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to the aforementioned Statements and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB 83, "Certain Asset Retirement Obligations" will be effective for reporting periods beginning after June 15, 2018 and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs and requires that recognition occur when the liability is both incurred and reasonably estimable. The Authority does not believe this Statement will have any effect on future financial statements.

GASB 84, "Fiduciary Activities" will be effective for reporting periods beginning after December 15, 2018 and establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Authority does not believe this Statement will have any effect on future financial statements.

GASB 85, "Omnibus 2017" will be effective for reporting periods beginning after June 15, 2017 and addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note II: Stewardship, Compliance and Accountability

By its nature as a local government unit, the Authority is subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

A. Revenue Restrictions and Debt Covenants

Restricted Accounts - In accordance with the bond resolutions, the Authority has established the following cash and investment accounts for the deposit, in the priority of the order listed, of all revenue received by the Authority:

<u>Account</u>	<u>Amount</u>	<u>Use for which restricted</u>
Revenue/Operating	All revenue received by the Authority.	Authorized operating expenses
Improvement		Authorized long-term improvements of the Authority.
Bond Service (Current Debt Service)	Amount needed to pay matured principal and interest plus principal and interest due on or before the following February 1 st .	Principal and interest on the bonds.
Bond Service (Future Debt Service)	Amount needed to increase the bond reserve to equal the amount required by the bond resolution.	Transfers to meet minimum level, required in the bond service accounts.
Net Revenue	Net revenues derived from the operation of the parking facilities after payment of operating expenses.	Transfers to meet minimum levels required in the bond service or bond reserve accounts.
Construction Fund	Any moneys received from any source for payment of the costs of construction or acquisition of the parking facilities	Transfers to meet minimum levels required in the bond service or bond reserve accounts.

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note II: Stewardship, Compliance and Accountability (Continued)

A. Revenue Restrictions and Debt Covenants (Continued)

In addition to the above, the Authority has also established the following restricted accounts:

Employee Dental Plan Reserve Fund for the reimbursement of Dental Services rendered to Authority employees, subject to the approval by the Commissioners

Ann/Bank Schuyler, De Hart Street, Cattano Avenue Mall and Dalton Garage Permit Escrow Accounts for the \$15.00 refundable deposits on the scan cards used by regular monthly parkers.

Revolving Change Fund to replenish monies in the various automated parking payment machines used by the authority.

Parker Refund Account to facilitate the return of monies to monthly parking permit group purchasers.

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA). Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At December 31, 2016, the Authority's cash and cash equivalents amounted to \$4,344,780.65. Of this amount, \$262,467.66 was covered by federal depository insurance (F.D.I.C.) and \$3,050,395.34 was covered by a collateral pool maintained by the banks as required by GUDPA. The amount of \$1,031,917.65 on deposit with the Bank of New York-Trustee is not covered by F.D.I.C or GUDPA, but invests its assets exclusively in debt securities issued or guaranteed by the U.S. government, or by U.S. government agencies or instrumentalities and repurchase agreements fully collateralized by U.S. Treasury and U.S. government securities.

At December 31, 2016 The Authority did not participate in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of December 31, 2016, \$1,031,917.65 of the Authority's cash and cash equivalents of \$4,344,780.65 was exposed to custodial credit risk as follows:

Uninsured and collateral held by public depository or by its' trust department not in the Authority's name	<u>\$1,031,917.65</u>
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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 40A:5-15.1) permit the Authority to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of commissioners of any Authority may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Authority;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the Authority or bonds or other obligations of local unit or units within which the Authority is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by the Authority;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

The Authority had the following investments valued at cost, which approximates fair value, at December 31, 2016:

	<u>Fair Value</u>
U.S. Treasury Notes/Bills	<u>\$3,348,803.32</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's) or Standard & Poor's Corporation (S&P). U.S. government debt is considered to have no credit risk.

The custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. Since certificates of deposits are covered by F.D.I.C. and GUDPA and U. S. government debt is guaranteed, there is no custodial credit risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in a single issuer.

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Retirement</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,821,297.00	\$ -	\$ -	\$ 1,821,297.00
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>1,821,297.00</u>	<u>-</u>	<u>-</u>	<u>1,821,297.00</u>
Land Improvements	1,732,208.82	23,175.00	-	1,755,383.82
Buildings and Improvements	48,274,690.59	-	-	48,274,690.59
Machinery and Equipment	<u>2,574,635.72</u>	<u>113,937.00</u>	<u>-</u>	<u>2,688,572.72</u>
Totals at Historical Cost	<u>52,581,535.13</u>	<u>137,112.00</u>	<u>-</u>	<u>52,718,647.13</u>
Less Accumulated Depreciation For:				
Land Improvements	(1,069,347.67)	(38,392.47)	-	(1,107,740.14)
Buildings and Improvements	(8,836,477.13)	(841,102.22)	-	(9,677,579.35)
Machinery and Equipment	<u>(1,300,772.67)</u>	<u>(182,364.29)</u>	<u>-</u>	<u>(1,483,136.96)</u>
Total Accumulated Depreciation	<u>(11,206,597.47)</u>	<u>(1,061,858.98)</u> (1)	<u>-</u>	<u>(12,268,456.45)</u>
Net Capital Assets Being Depreciated	<u>41,374,937.66</u>	<u>(924,746.98)</u>	<u>-</u>	<u>40,450,190.68</u>
Business - Type Activities Capital Assets, Net	<u>\$ 43,196,234.66</u>	<u>\$ (924,746.98)</u>	<u>\$ -</u>	<u>\$ 42,271,487.68</u>

(1) Depreciation expense was charged as follows:

Parking	<u>\$ 1,061,858.98</u>
	<u>\$ 1,061,858.98</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The Authority has no commitments to lease equipment under operating leases.

B. Long - Term Liabilities

Long - Term liability activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Long - Term Debt:					
Serial Bonds	\$ 33,720,000.00	\$ -	\$ (970,000.00)	\$ 32,750,000.00	\$ 1,000,000.00
Total Debt Payable	<u>33,720,000.00</u>	<u>-</u>	<u>(970,000.00)</u>	<u>32,750,000.00</u>	<u>1,000,000.00</u>
Other Liabilities:					
Net Pension Liability	<u>2,694,469.00</u>	<u>1,349,115.00</u>	<u>-</u>	<u>4,043,584.00</u>	<u>-</u>
Total Other Liabilities	<u>2,694,469.00</u>	<u>1,349,115.00</u>	<u>-</u>	<u>4,043,584.00</u>	<u>-</u>
Business-Type Activities					
Long - Term Liabilities	<u>\$ 36,414,469.00</u>	<u>\$ 1,349,115.00</u>	<u>\$ (970,000.00)</u>	<u>\$ 36,793,584.00</u>	<u>\$ 1,000,000.00</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

Pursuant to the provisions of the Enabling Act, and Resolution No. 1956-25, adopted December 31, 1956, the Authority issued Revenue Bonds (Series A) in the amount of \$1,350,000.00.

Pursuant to Resolution No. 1972-32, adopted August 31, 1972, as amended by Resolution No. 1972-42, adopted September 28, 1972, Revenue Refunding Bonds in the amount of \$1,850,000.00 were issued. Proceeds of the Revenue Refunding Bonds were used to retire the outstanding Series A bonds and to provide additional parking facilities. Principal and interest of the Revenue Refunding Bonds of 1972 are guaranteed by the Town of Morristown.

The Revenue Refunding bonds are callable as a whole or in part inversely and by lot on any interest date, beginning January 1, 1982.

On May 22, 1985 the Town of Morristown sold Parking Project Bonds in the amount of \$5,650,000.00. In January 1987 the Town of Morristown refinanced the balance of this issue resulting in an increase in the principal payable while reducing the amount of interest payable. The amount of net savings as a result of the refinancing was \$1,959,920.00.

The Parking Project Bonds are guaranteed as to both principal and interest by the Authority. (Resolution 15-1984 adopted March 20, 1984).

During 1994 the Authority defeased \$800,000.00 of the 1972 Revenue Refunding Bonds pursuant to Resolution No. 35-1993.

During 1997 the Authority defeased \$4,198,073.00 of the 1985 Revenue Bonds and issued \$5,785,000.00 of new bonds on June 1, 1997

During 1998 the Authority issued new bonds of \$9,265,000.00.

During 2002 the Authority defeased \$4,645,000.00 of the 1997 Revenue Bonds and issued \$4,860,000.00 of new bonds on May 1, 2002.

During 2004 the Authority defeased \$9,215,000.00 of the 1998 Revenue Bonds and issued \$10,025,000.00 of new bonds on February 15, 2004.

During 2007 the Authority issued \$27,180,000.00 Guaranteed Parking Revenue Bonds Dated July 1, 2007.

During 2011 the Authority defeased the remaining amounts of the 2002 and the 2004 Bonds and issued \$9,890,000.00 of refunding Bonds dated August 16, 2011.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long Term Liabilities (Continued)

1. Bonds Payable (Continued)

Bonds are authorized in accordance with State law. All bonds are retired in serial installments within the statutory period of usefulness.

Serial Bonds outstanding as of December 31, 2016 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Revenue of 2007	Various	8/1	8/1/37	\$27,180,000.00	\$25,135,000.00
Refunding of 2011	Various	8/1	8/1/25	<u>9,890,000.00</u>	<u>7,615,000.00</u>
				<u>\$37,070,000.00</u>	<u>\$32,750,000.00</u>

2. Bonds Authorized But Not Issued

As of December 31, 2016 the Authority had no authorized but not issued bonds.

Principal and interest due on serial bonds outstanding is as follows:

<u>Year ending December 31,</u>	<u>Revenue Bonds of 2007</u>		<u>Refunding Bonds of 2011</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2017	\$ 265,000.00	\$ 1,181,710.02	\$ 735,000.00	\$ 270,602.50	\$ 2,452,312.52
2018	280,000.00	1,168,460.02	755,000.00	248,552.50	2,452,012.52
2019	295,000.00	1,154,460.02	785,000.00	218,352.50	2,452,812.52
2020	310,000.00	1,142,291.26	815,000.00	186,952.50	2,454,243.76
2021	320,000.00	1,129,116.26	850,000.00	154,352.50	2,453,468.76
2022	335,000.00	1,115,516.26	875,000.00	128,852.50	2,454,368.76
2023	355,000.00	1,100,943.76	900,000.00	100,415.00	2,456,358.76
2024	365,000.00	1,085,412.52	935,000.00	69,365.00	2,454,777.52
2025	385,000.00	1,069,443.76	965,000.00	35,705.00	2,455,148.76
2026	1,415,000.00	1,052,600.00			2,467,600.00
2027	1,475,000.00	988,925.00			2,463,925.00
2028	1,545,000.00	922,550.00			2,467,550.00
2029	1,620,000.00	845,300.00			2,465,300.00
2030	1,700,000.00	764,300.00			2,464,300.00
2031	1,785,000.00	679,300.00			2,464,300.00
2032	1,875,000.00	590,050.00			2,465,050.00
2033	1,970,000.00	496,300.00			2,466,300.00
2034	2,065,000.00	397,800.00			2,462,800.00
2035	2,160,000.00	304,875.00			2,464,875.00
2036	2,255,000.00	207,675.00			2,462,675.00
2037	2,360,000.00	106,200.00	-	-	2,466,200.00
	<u>\$ 25,135,000.00</u>	<u>\$ 17,503,228.88</u>	<u>\$ 7,615,000.00</u>	<u>\$ 1,413,150.00</u>	<u>\$ 51,666,378.88</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note V: Detailed Disclosure Regarding Net Position

A. Restricted/Assigned Net Position

Restricted/Assigned for:	
Operations	\$ 50,000.00
Employees Dental Plan	12,067.66
Lot Permit Escrow Funds	55,075.00
Parker Refund Account	381.80
Current Debt Service	1,673,324.19
Future Debt Service	2,467,600.00
Future Improvements	2,787,959.88

Note VI: Pension Plans

Description of Systems

Substantially all of the Authority's employees participate in the following contributory defined benefit public employee retirement system which has been established by State statute: the Public Employees' Retirement System (PERS). This system is sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Summary of Significant Accounting Policies-

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At December 31, 2016, the Authority reported a liability of \$4,043,584 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability is based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the Authority's proportion was 0.01365285%, which was a decrease of 0.0016497% from its proportion measured as of June 30, 2015.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note VI: Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2016, the Authority recognized pension expense of \$487,208.00. At December 31, 2016, 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	\$ 75,198.00	
Changes of Assumptions	\$837,615.00	
Net difference between Projected and Actual Earnings on Pension Plan Investments	\$154,186.00	
Changes in proportion and differences between Authority Contributions and Proportionate Share of Contributions	<u>\$441,068.00</u>	<u>\$28,773.00</u>
Total	<u>\$1,508,067.00</u>	<u>\$28,773.00</u>

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

<u>Year Ended June 30</u>	<u>Amount</u>
2016	\$205,511.57
2017	205,511.57
2018	238,092.05
2019	200,032.13
2020	<u>63,665.68</u>
Total	<u>\$912,813.00</u>

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note VI: Pension Plans (Continued)

	<u>6/30/16</u>	<u>6/30/15</u>
Collective Deferred Outflows of Resources	\$8,685,338,380.00	\$ 3,578,755,666.00
Collective Deferred Inflows of Resources	870,133,595.00	993,410,455.00
Collective Net Pension Liability (Non-State-Local Group)	29,617,131,759.00	22,447,996,119.00
Authority's Portion of Net Pension Liability	4,043,584.00	2,694,469.00
Authority's Proportion %	0.0136528534%	0.0120031619%

Actuarial Assumptions

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

Inflation	3.08%
Salary Increases:	
2012-2021	1.65%-4.15% based on age
Thereafter	2.65%-5.15% based on age
Investment Rate of Return	7.65%

Long-Term Expected Rate of Return

Mortality Rates

Pre-mortality rates were based on the RP-2000 Employee Pre-retirement 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 plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members and a one year static projection based on 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 scale. 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 June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is unlikely 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.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note VI: Pension Plans (Continued)

Long-Term Expected Rate of Return (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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 rate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made 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 contributed 30% 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note VI: Pension Plans (Continued)

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 measured as of June 30, 2016, calculated using the discount rate of 3.98%, 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 (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Authority's proportionate share of the net pension liability	\$4,954,940	\$4,043,584	\$3,291,180

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rpts-home.shtml>.

During the year ended June 30, 2016, for PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

Contribution Requirements

The Authority's total payroll for the year ended December 31, 2015 was \$1,155,160.98 and covered payroll was \$868,016.00 for PERS. Contributions to PERS for the last three years made by the employees and the Authority were as follows:

		<u>PERS</u>	Percent of Covered <u>Payroll</u>
Employees	12/31/14	57,814.09	6.87%
	12/31/15	68,274.87	7.26%
	12/31/16	67,361.13	7.76%
Authority	12/31/14	88,482.00	10.51%
	12/31/15	100,847.00	10.73%
	12/31/16	103,195.00	11.89%

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THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

Note VII: Post Retirement Medical Benefits

PERS employees do not receive post – retirement medical benefits.

Note VIII: Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority is a member of the New Jersey Intergovernmental Insurance Fund. (the “Fund”). The Fund is both an insured and self-administered group of governmental entities established for the purpose of providing certain low-cost property, liability, public officials liability and workers’ compensation insurance coverage for its members. The Authority pays an annual assessment to the Fund and should it be determined that payments received by the Fund are deficient, additional assessments may be levied.

The Authority continues to carry commercial insurance coverage for all other risks of loss, including health and accident insurance. There have been no significant reductions in insurance coverage. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note IX: Interlocal Agreement

In accordance with provisions of Article VI (Section 6.1) of the Agreement of Sale, Mutual Cooperation and Reciprocal Easements between the Authority and County of Morris, dated December 23, 1993, the County of Morris reimburses the Authority for its pro rata share of electrical costs in connection with the County's portion of the Ann/Bank Garage. Reimbursements for these costs are deposited directly into the Authority's Revenue and Special Account, and are not refunded to the Authority's annual budget.

Note X: Contingent Liabilities

A. Litigation

The Authority is party to certain legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Authority, the Authority feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Authority.

Note XI Subsequent Events

The Authority’s management has informed us that after the balance sheet date but prior to the June 27th date of audit, the Authority has refinanced its revenue bonds of 2007 and issued \$23,855,000 of 2017 Guaranteed Revenue Bonds in three Series – A (\$12,005,000), B (\$7,845,000) and C (\$4,005,000). The Bonds, together with other available funds, are being used for: (1) currently refunding the Authority’s outstanding Guaranteed Parking Revenue Bonds - Series 2007; and (2) paying the costs and expenses incurred in connection with the issuance and delivery of the Bonds.

2016

OFFICIALS IN OFFICE

Richard Tighe	Commissioner - Chairperson
Anthony Lucia	Commissioner – Vice-Chairperson
Linda Stamato	Commissioner – Treasurer
James Gervasio	Commissioner – Secretary
Margret Brady	Commissioner – Assistant Secretary/Treasurer
George Fiore	Executive Director (To 6/30/16)
Michael Fabrizio	Interim Director (From 7/1/16)
Mark Axelrod	Assistant Director
Patrick W. Geary	Operations Manager (To 3/31/16)
Gregory S. Deal	Field Manager
Robert S. Goldsmith	Attorney

The above officials were covered by a Crime Coverage-Employee Theft Insurance Binder with a limit of \$1,000,000.00 under the New Jersey Intergovernmental Insurance Fund thru December 31, 2016.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

Schedule of the Authority's Share of the Net Pension Liability-PERS
Last Ten Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's Proportion of the Net Pension Liability (Asset)**	0.01365285%	0.01200316%	0.01223299%
Authority's Proportionate Share of the Net Pension Liability (Asset)**	\$ 4,043,584.00	\$ 2,694,469.00	\$ 2,290,350.00
Authority's Covered Payroll-PERS	\$ 868,016.00	\$ 939,816.00	\$ 841,539.00
Authority's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	465.84%	286.70%	272.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.13%	47.93%	52.08%

** GASB requires that ten years of information be presented. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
 (A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

Schedule of Authority's Contributions- PERS
 Last Ten Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 103,195.00	\$ 100,847.00	\$ 88,482.00
Contributions in Relation to the Contractually Required Contribution	<u>(103,195.00)</u>	<u>(100,847.00)</u>	<u>(88,482.00)</u>
Contribution Deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll-PERS	\$ 868,016.00	\$ 939,816.00	\$ 841,539.00
Contributions as a Percentage of Covered Payroll	11.89%	10.73%	10.51%

** GASB requires that ten years of information be presented. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Changes of Benefit Terms

None

Change in Assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.80%) to the current measurement date (2.85%). resulting in a change in the discount rate from 4.90% to 3.98%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

OTHER SUPPLEMENTARY INFORMATION

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2015)

Revenues	2016 Budget	Realized	Excess or (Deficit)	2015 Actual
Parking Revenues	\$4,550,000.00	\$5,756,134.27	\$1,206,134.27	\$5,079,849.74
Other Operating Revenues	1,205,213.00	1,277,586.96	72,373.96	1,191,162.70
Interest on Investments	1,400.00	4,913.20	3,513.20	907.60
Fund Balance Utilized	-	-	-	3,463.00
	<u>\$5,756,613.00</u>	<u>\$7,038,634.43</u>	<u>\$1,282,021.43</u>	<u>\$6,275,383.04</u>

Expenditures	2016 Budget	Transfers	Budget After Transfers	2016 Actual Paid or Charged	Variance	2015 Actual
A. Salaries :						
1. Parking Authority Director	\$20,000.00	\$ -	\$ 20,000.00	\$ 19,999.99	\$ 0.01	\$ 46,944.00
2. Parking Authority Assistant Director	27,200.00	-	27,200.00	27,198.60	1.40	24,079.92
3. Parking Authority Operations Manager	7,800.00	-	7,800.00	7,799.29	-	30,400.00
4. Parking Authority New Operations Manager	26,880.00	-	26,880.00	26,879.40	0.60	25,440.00
5. Parking Authority Financial Bookkeeper	32,000.00	-	32,000.00	31,781.00	219.00	25,871.76
6. Meter Repair, Collection and General Maintenance	53,440.00	-	53,440.00	53,281.26	158.74	39,892.33
7. Enforcement and Traffic Officers	66,240.00	-	66,240.00	65,779.66	460.34	46,390.99
8. Administrative Secretary/Computer Operator	19,280.00	-	19,280.00	19,280.00	-	18,559.92
9. Financial Anal/Comp Tech	19,920.00	-	19,920.00	19,918.60	1.40	19,200.00
B. 10 Pine Street Office Building :						
1. Legal	1,500.00	-	1,500.00	1,500.00	-	1,300.00
2. Maintenance	7,500.00	-	7,500.00	5,816.60	1,683.40	9,469.19
3. Administrative	1,000.00	-	1,000.00	339.47	660.53	-
4. Utilities/Sewer	12,500.00	2,000.00	14,500.00	14,491.56	8.44	12,488.93
5. Taxes	31,500.00	(2,000.00)	29,500.00	29,367.89	132.11	28,495.04
6. Insurance	10,000.00	-	10,000.00	9,412.15	587.85	10,000.00
7. Auditing Expenses	2,831.00	-	2,831.00	2,831.00	-	2,745.00
8. Management Services	250.00	-	250.00	-	250.00	-
9. Fixed Rent Payment to Landlord	108,110.00	-	108,110.00	108,110.00	-	104,454.12
10. Monitoring (Security/Fire)	1,000.00	-	1,000.00	999.82	0.18	1,000.00
C. Maple Avenue Office Building :						
1. Legal	1,500.00	-	1,500.00	1,050.00	450.00	985.00
2. Maintenance	5,000.00	3,000.00	8,000.00	4,080.00	3,920.00	4,809.79
3. Administrative	7,500.00	2,000.00	9,500.00	9,201.19	298.81	7,492.86
4. Electrical Expenses	7,000.00	-	7,000.00	6,268.58	731.42	6,966.50
5. Telephone	40,325.00	(4,000.00)	36,325.00	27,212.40	9,112.60	32,192.22
6. Taxes	6,000.00	-	6,000.00	5,931.00	69.00	5,931.00
7. Service Contracts	2,500.00	-	2,500.00	2,483.13	16.87	1,794.00
8. Legal	4,000.00	-	4,000.00	3,800.00	200.00	2,635.00
9. Maintenance/Cleaning	90,000.00	12,000.00	102,000.00	97,708.16	4,291.84	111,982.49
10. Electrical	49,000.00	-	49,000.00	48,517.60	482.40	43,804.12
11. Water/Sewer	10,000.00	(5,000.00)	5,000.00	4,995.79	4.21	5,316.11
12. Insurance	30,000.00	(5,600.00)	24,400.00	24,357.56	42.44	41,050.00
13. Service Contracts	20,000.00	-	20,000.00	19,999.25	0.75	24,861.62
14. Management Services	250.00	-	250.00	-	250.00	-
15. Auditing Expenses	2,831.00	-	2,831.00	2,831.00	-	2,745.00
16. Monitoring (Security/Fire)	6,500.00	5,000.00	11,500.00	11,085.23	414.77	3,888.20

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2015)
(CONTINUED)

<u>Expenditures (Continued)</u>	<u>2016 Budget</u>	<u>Transfers</u>	<u>Budget After Transfers</u>	<u>2016 Actual Paid or Charged</u>	<u>Variance</u>	<u>2015 Actual</u>
D. Special Services :						
1. Bank Service Charges	\$10,000.00	\$(3,000.00)	\$ 7,000.00	\$ 6,501.69	\$ 498.31	\$ 5,815.42
2. Legal	10,080.00	-	10,080.00	10,080.00	-	9,050.00
3. Auditing Expenses	8,045.00	-	8,045.00	8,045.00	-	7,804.00
4. Parking Consultant's Fee	4,800.00	-	4,800.00	4,474.11	325.89	4,347.92
5. Advertising Expenses	4,000.00	-	4,000.00	3,614.72	385.28	3,823.73
6. Professional Services	450.00	-	450.00	-	450.00	450.00
7. Trustee Services	6,000.00	-	6,000.00	4,650.00	1,350.00	4,650.00
8. Company Services	88,000.00	4,500.00	92,500.00	90,097.71	2,402.29	79,464.88
9. Redevelopment Consultant	36,000.00	-	36,000.00	36,000.00	-	
E. Maintenance Expenses :						
1. Parking Meter Maintenance and Parts	75,000.00	(11,100.00)	63,900.00	61,274.56	2,625.44	6,740.34
2. Curb, Meter and Lot Maintenance	65,000.00	-	65,000.00	62,173.47	2,826.53	52,880.04
3. Snow Removal Contingency	30,000.00	-	30,000.00	29,990.76	9.24	36,906.33
4. Parking Lot Improvement Contingency	750.00	-	750.00	-	750.00	-
5. Ticket Control and Supplies Surface Lots	10,000.00	-	10,000.00	6,705.00	3,295.00	10,000.00
6. Tel/Comm Lines Surface Lots	12,000.00	(5,000.00)	7,000.00	5,128.37	1,871.63	
F. Administrative Expenses :						
1. Administrative Expenses	20,000.00	6,500.00	26,500.00	25,104.04	1,395.96	19,986.18
2. Parking Validation Program	3,000.00	-	3,000.00	-	3,000.00	702.00
G. Electrical Utility Expenses :						
1. Lots 3R through 14N	9,500.00	-	9,500.00	6,326.58	3,173.42	9,323.88
H. Taxes and Insurance :						
1. F.I.C.A. Contributions	27,840.00	500.00	28,340.00	28,097.09	242.91	28,601.20
2. Insurance	42,500.00	(1,100.00)	41,400.00	41,301.64	98.36	42,055.08
3. State Pension Plan (P.E.R.S.) - Employer Share	33,600.00	-	33,600.00	33,600.00	-	40,500.00
4. Hospitalization	94,800.00	3,000.00	97,800.00	97,767.79	32.21	79,512.40
5. Employment Compensation (S.U.I.)	1,472.00	2,000.00	3,472.00	2,821.57	650.43	1,979.39
6. MPA Dental Plan Contributions	2,240.00	-	2,240.00	2,240.00	-	2,240.00
7. MPA Sick-Time Compensation	15,000.00	-	15,000.00	14,282.48	717.52	15,000.00
I. Property Leases and Maple Ave.						
1. Speedwell and Flagler - Lot 13M	2,700.00	-	2,700.00	2,700.00	-	2,700.00

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2015)
(CONTINUED)

<u>Expenditures (Continued)</u>	<u>2016</u> <u>Budget</u>	<u>Transfers</u>	<u>Budget</u> <u>After</u> <u>Transfers</u>	<u>2016 Actual</u> <u>Paid or</u> <u>Charged</u>	<u>Variance</u>	<u>2015</u> <u>Actual</u>
J. The Mall @ Cattano Avenue Expenses :						
1. Parking Authority Director	\$ 5,000.00	\$ -	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 11,736.00
2. Parking Authority Assistant Director	6,800.00	-	6,800.00	6,798.90	1.10	6,019.92
3. Parking Authority Operations Manager	1,950.00	-	1,950.00	1,950.00	-	7,599.99
4. Parking Authority New Operations Manager	6,720.00	-	6,720.00	6,719.00	1.00	6,308.00
5. Parking Authority Financial Bookkeeper	8,000.00	-	8,000.00	7,996.60	3.40	6,559.92
6. General Maintenance Personnel	13,360.00	-	13,360.00	13,357.68	2.32	9,950.08
7. Enforcement and Traffic Officers	16,560.00	-	16,560.00	16,558.52	1.48	11,599.92
8. Administrative Secretary/Computer Operator	4,820.00	-	4,820.00	4,252.20	567.80	4,639.92
9. Financial Analyst/Receptionist	4,980.00	-	4,980.00	4,979.80	0.20	4,800.00
10. Parking Attendants and Extra Help	500.00	-	500.00	500.00	-	500.00
11. Legal Expenses	2,520.00	-	2,520.00	2,102.00	418.00	1,800.50
12. Auditing Expenses	2,011.00	-	2,011.00	2,011.00	-	1,734.00
13. Parking Consultant's Fee	1,200.00	-	1,200.00	898.26	301.74	509.48
14. Advertising Expenses	1,000.00	-	1,000.00	153.04	846.96	925.00
15. Professional Services Contingency	110.00	-	110.00	-	110.00	100.00
16. Lot Maintenance	25,000.00	(10,000.00)	15,000.00	13,668.54	1,331.46	14,935.00
17. Snow Removal Contingency	6,000.00	-	6,000.00	5,985.00	15.00	5,443.92
18. Parking Lot Contingency	250.00	-	250.00	-	250.00	-
19. Telephone Service	175.00	-	175.00	-	175.00	-
20. Administrative Expenses	3,500.00	-	3,500.00	3,308.90	191.10	3,273.94
21. Ticket Control Supplies and Equipment	8,000.00	-	8,000.00	7,500.00	500.00	7,996.60
22. Electrical Expenses	7,500.00	-	7,500.00	5,521.10	1,978.90	6,390.83
23. F.I.C.A. Contributions	6,960.00	500.00	7,460.00	7,024.59	435.41	7,217.05
24. Insurance	13,600.00	(700.00)	12,900.00	12,877.28	22.72	10,156.52
25. State Pension Plan (P.E.R.S.) - Employer Share	8,400.00	-	8,400.00	8,400.00	-	7,100.00
26. Hospitalization	21,200.00	6,300.00	27,500.00	27,493.07	6.93	19,393.39
27. Unemployment Compensation Insurance	368.00	-	368.00	360.26	7.74	355.96
28. First Baptist Church Lease	10,000.00	-	10,000.00	9,523.42	476.58	9,523.42
29. MPA Dental Plan Contributions	560.00	-	560.00	560.00	-	560.00
30. Miscellaneous	250.00	-	250.00	250.00	-	250.00
K. Ann/Bank Garage :						
1. Parking Authority Director	9,375.00	-	9,375.00	9,186.08	188.92	22,005.00
2. Parking Authority Assistant Director	12,750.00	-	12,750.00	12,749.50	0.50	11,287.92
3. Parking Authority Operations Manager	3,656.00	-	3,656.00	3,656.00	-	14,250.00
4. Parking Authority New Operations Manager	12,600.00	-	12,600.00	12,599.89	0.11	11,925.00
5. Parking Authority Financial Bookkeeper	15,000.00	-	15,000.00	14,438.00	562.00	12,300.00
6. General Maintenance Personnel	25,050.00	-	25,050.00	25,044.90	5.10	18,690.00
7. Enforcement and Traffic Officers	31,050.00	-	31,050.00	31,049.01	0.99	21,705.00
8. Administrative Secretary/Computer Operator	9,038.00	-	9,038.00	9,037.69	0.31	8,689.92
9. Financial Analyst/Receptionist	9,338.00	-	9,338.00	9,337.90	0.10	9,000.00
10. Parking Attendants and Extra Help	87,000.00	-	87,000.00	81,563.04	5,436.96	80,695.00
11. Legal Expenses	4,725.00	-	4,725.00	4,725.00	-	3,900.00
12. Auditing Expenses	3,770.00	-	3,770.00	3,770.00	-	3,468.00
13. Parking Consultant's Fee	2,250.00	-	2,250.00	1,685.49	564.51	935.90
14. Advertising Expenses	1,875.00	-	1,875.00	986.96	888.04	1,725.00
15. Professional Services Contingency	210.00	-	210.00	-	210.00	200.00
16. Lot Maintenance	35,000.00	3,000.00	38,000.00	35,964.06	2,035.94	28,911.13
17. Snow Removal Contingency	1,500.00	-	1,500.00	1,455.00	45.00	1,481.04
18. Parking Lot Contingency	250.00	-	250.00	-	250.00	-
19. Telephone Service	9,000.00	-	9,000.00	6,403.13	2,596.87	5,510.42
20. Administrative Expenses	4,000.00	-	4,000.00	3,875.01	124.99	3,926.87
21. Ticket Control Supplies and Services	19,500.00	-	19,500.00	19,066.30	433.70	16,997.50
22. Electrical Expenses	60,000.00	-	60,000.00	52,870.07	7,129.93	48,682.59
23. F.I.C.A. Contributions	13,050.00	500.00	13,550.00	13,171.15	378.85	13,497.44
24. Insurance	17,000.00	-	17,000.00	17,000.00	-	14,542.10
25. State Pension Plan (P.E.R.S.) - Employer Share	15,750.00	-	15,750.00	15,750.00	-	13,350.00
26. Hospitalization	39,750.00	6,000.00	45,750.00	45,750.00	-	37,481.66
27. Unemployment Compensation Insurance	690.00	-	690.00	675.50	14.50	667.45
28. MPA Dental Plan Contributions	1,050.00	-	1,050.00	1,050.00	-	1,050.00
29. Police Officer Security	10,000.00	(5,000.00)	5,000.00	4,032.00	968.00	-
30. Miscellaneous	250.00	-	250.00	250.00	-	250.00

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2015)
(CONTINUED)

<u>Expenditures (Continued)</u>	<u>2016 Budget</u>	<u>Transfers</u>	<u>Budget After Transfers</u>	<u>2016 Actual Paid or Charged</u>	<u>Variance</u>	<u>2015 Actual</u>
L. Dalton Parking Garage						
1. Parking Authority Director	\$ 12,500.00	\$ -	\$ 12,500.00	\$ 12,500.00	\$ -	\$29,340.00
2. Parking Authority Assistant Director	17,000.00	-	17,000.00	16,226.00	774.00	15,049.92
3. Parking Authority Operations Manager	4,875.00	-	4,875.00	4,874.91	0.09	19,000.00
4. Parking Authority New Operations Manager	16,800.00	-	16,800.00	16,799.40	0.60	15,899.25
5. Parking Authority Financial Bookkeeper	20,000.00	-	20,000.00	19,355.00	645.00	16,060.00
6. General Maintenance Personnel	33,400.00	-	33,400.00	33,398.00	2.00	24,673.00
7. Enforcement and Traffic Officers	41,400.00	-	41,400.00	40,426.57	973.43	28,998.75
8. Administrative Secretary/Computer Operator	12,050.00	-	12,050.00	12,049.90	0.10	11,599.92
9. Financial Analyst/Receptionist	12,450.00	-	12,450.00	12,449.50	0.50	11,991.78
10. Parking Attendants and Extra Help	82,000.00	-	82,000.00	79,415.00	2,585.00	76,610.00
11. Legal Expenses	6,300.00	-	6,300.00	5,900.05	399.95	4,445.00
12. Auditing Expenses	5,027.00	-	5,027.00	5,027.00	-	4,624.00
13. Parking Consultant's Fee	3,000.00	-	3,000.00	2,245.65	754.35	1,323.20
14. Advertising Expenses	2,500.00	-	2,500.00	1,332.62	1,167.38	2,111.70
15. Professional Services Contingency	280.00	-	280.00	-	280.00	200.00
16. Lot Maintenance	35,000.00	(5,000.00)	30,000.00	29,031.84	968.16	26,325.25
17. Snow Removal Contingency	6,500.00	-	6,500.00	6,230.00	270.00	1,428.25
18. Parking Lot Contingency	250.00	-	250.00	-	250.00	-
19. Telephone Service	5,000.00	-	5,000.00	3,142.97	1,857.03	3,931.97
20. Administrative Expenses	5,000.00	-	5,000.00	3,345.16	1,654.84	4,930.47
21. Ticket Control Supplies and Services	24,500.00	-	24,500.00	24,000.00	500.00	21,991.34
22. Electrical Expenses	58,000.00	(6,500.00)	51,500.00	37,602.79	13,897.21	53,281.49
23. F.I.C.A. Contributions	17,400.00	500.00	17,900.00	17,561.49	338.51	17,813.22
24. Insurance	31,500.00	-	31,500.00	31,500.00	-	22,439.80
25. State Pension Plan (P.E.R.S.) - Employer Share	21,000.00	-	21,000.00	21,000.00	-	17,747.00
26. Hospitalization	53,000.00	8,100.00	61,100.00	61,080.04	19.96	49,702.07
27. Unemployment Compensation Insurance	920.00	-	920.00	900.63	19.37	889.95
28. MPA Dental Plan Contributions	1,400.00	-	1,400.00	1,400.00	-	1,400.00
29. Miscellaneous	250.00	-	250.00	250.00	-	250.00

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2015)
(CONTINUED)

<u>Expenditures (Continued)</u>	2016 <u>Budget</u>	<u>Transfers</u>	Budget After <u>Transfers</u>	<u>2016 Actual</u> Paid or <u>Charged</u>	<u>Variance</u>	2015 <u>Actual</u>
M. DeHart Street Garage						
1. Parking Authority Director	13,750.00	\$ -	\$ 13,750.00	\$ 13,750.00	\$ -	\$32,274.00
2. Parking Authority Assistant Director	18,700.00	-	18,700.00	18,699.80	0.20	16,554.96
3. Parking Authority Operations Manager	5,362.00	-	5,362.00	5,361.99	0.01	20,899.92
4. Parking Authority New Operations Manager	18,480.00	-	18,480.00	18,480.00	-	17,490.00
5. Parking Authority Financial Bookkeeper	22,000.00	-	22,000.00	21,501.60	498.40	18,039.67
6. General Maintenance Personnel	36,740.00	-	36,740.00	36,739.00	1.00	27,090.65
7. Enforcement and Traffic Officers	45,540.00	-	45,540.00	44,790.42	749.58	31,468.55
8. Administrative Secretary/Computer Operator	13,255.00	-	13,255.00	13,255.00	-	12,760.00
9. Financial Analyst/Receptionist	13,695.00	-	13,695.00	13,694.60	0.40	13,200.00
10. Parking Attendants and Extra Help	103,000.00	-	103,000.00	100,282.19	2,717.81	96,221.00
11. Legal Expenses	6,930.00	-	6,930.00	6,929.57	0.43	4,950.00
12. Auditing Expenses	5,530.00	-	5,530.00	5,530.00	-	5,202.00
13. Parking Consultant's Fee	3,300.00	-	3,300.00	2,470.72	829.28	1,657.32
14. Advertising Expenses	2,750.00	-	2,750.00	1,020.91	1,729.09	1,650.00
15. Professional Services Contingency	310.00	-	310.00	-	310.00	115.00
16. Lot Maintenance	30,000.00	-	30,000.00	28,151.42	1,848.58	30,912.03
17. Snow Removal Contingency	11,500.00	-	11,500.00	11,355.30	144.70	4,471.47
18. Parking Lot Contingency	250.00	-	250.00	-	250.00	-
19. Telephone Service	7,500.00	-	7,500.00	4,925.01	2,574.99	6,038.65
20. Administrative Expenses	6,000.00	(3,000.00)	3,000.00	2,508.92	491.08	4,251.21
21. Ticket Control Supplies and Services	33,000.00	-	33,000.00	30,569.40	2,430.60	36,625.70
22. Electrical Expenses	89,000.00	-	89,000.00	88,834.29	165.71	88,359.29
23. F.I.C.A. Contributions	19,140.00	500.00	19,640.00	19,317.51	322.49	19,823.57
24. Insurance	32,000.00	(1,000.00)	31,000.00	30,901.86	98.14	24,828.68
25. State Pension Plan (P.E.R.S.) - Employer Share	23,100.00	-	23,100.00	23,100.00	-	19,600.00
26. Hospitalization	58,300.00	9,000.00	67,300.00	67,268.48	31.52	53,750.71
27. Unemployment Compensation Insurance	1,012.00	-	1,012.00	990.70	21.30	978.94
28. MPA Dental Plan Contributions	1,540.00	-	1,540.00	1,540.00	-	1,540.00
29. Police Officer Security	30,000.00	5,000.00	35,000.00	33,071.52	1,928.48	31,679.20
30. Miscellaneous/Convention Workshop	250.00	-	250.00	-	250.00	250.00
N. Vail Parking Facilities:						
1. Parking Authority Director	1,875.00	-	1,875.00	1,874.97	0.03	4,401.00
2. Parking Authority Assistant Director	2,550.00	-	2,550.00	2,549.86	0.14	2,256.96
3. Parking Authority Operations Manager	732.00	-	732.00	732.00	-	2,850.00
4. Parking Authority New Operations Manager	2,520.00	-	2,520.00	2,519.80	0.20	2,385.00
5. Parking Authority Financial Bookkeeper	3,000.00	-	3,000.00	2,996.42	3.58	2,460.00
6. General Maintenance Personnel	5,010.00	-	5,010.00	5,009.50	0.50	3,480.12
7. Enforcement and Traffic Officers	6,210.00	-	6,210.00	6,208.39	1.61	4,333.73
8. Administrative Secretary/Computer Operator	1,807.00	-	1,807.00	1,806.36	0.64	1,740.00
9. Financial Analyst/Receptionist	1,867.00	-	1,867.00	1,866.41	0.59	1,800.00
10. Parking Attendants and Extra Help	10,000.00	-	10,000.00	9,980.00	20.00	9,470.00
11. Legal Expenses	945.00	-	945.00	944.50	0.50	457.00
12. Auditing Expenses	755.00	-	755.00	755.00	-	578.00
13. Parking Consultant's Fee	450.00	-	450.00	331.02	118.98	169.18
14. Advertising Expenses	375.00	-	375.00	57.38	317.62	-
15. Professional Services Contingency	40.00	-	40.00	-	40.00	-
16. Lot Maintenance and Service Contracts	10,000.00	-	10,000.00	9,698.56	301.44	11,446.04
17. Snow Removal Contingency	4,500.00	-	4,500.00	4,473.25	26.75	4,450.20
18. Parking Lot Contingency	250.00	-	250.00	160.00	90.00	-
19. Telephone Service	6,000.00	-	6,000.00	5,281.48	718.52	1,692.33
20. Administrative Expenses	3,000.00	1,500.00	4,500.00	4,266.78	233.22	1,847.48
21. Ticket Control Supplies and Services	5,000.00	-	5,000.00	3,263.35	1,736.65	4,667.50
22. Electrical Expenses	7,500.00	-	7,500.00	5,283.44	2,216.56	6,436.54
23. F.I.C.A. Contributions	2,610.00	500.00	3,110.00	2,635.57	474.43	2,655.35
24. Insurance	3,400.00	-	3,400.00	3,027.66	372.34	2,906.82
25. State Pension Plan (P.E.R.S.) - Employer Share	3,150.00	-	3,150.00	1,345.00	1,805.00	2,550.00
26. Hospitalization	7,950.00	3,100.00	11,050.00	11,016.20	33.80	6,935.56
27. Unemployment Compensation Insurance	138.00	-	138.00	135.07	2.93	134.08
28. MPA Dental Plan Contributions	210.00	-	210.00	210.00	-	210.00
29. Miscellaneous	250.00	-	250.00	250.00	-	224.77

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

STATEMENT OF OPERATING REVENUES AND COSTS FUNDED BY OPERATING REVENUES
COMPARED TO THE BUDGET FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR FISCAL YEAR ENDED DECEMBER 31, 2015)
(CONCLUDED)

<u>Expenditures (Continued)</u>	<u>2016 Budget</u>	<u>Transfers</u>	<u>Budget After Transfers</u>	<u>2016 Actual Paid or Charged</u>	<u>Variance</u>	<u>2015 Actual</u>
Annual Pension Bill 2017 Accrual	\$ -	\$ -	\$ -	\$ 121,290.00	\$(121,290.00)	
O. Miscellaneous	40,765.00	(17,000.00)	23,765.00	18,208.14	5,556.86	24,694.50
	<u>\$ 3,300,000.00</u>	<u>\$ -</u>	<u>\$ 3,300,000.00</u>	<u>\$ 3,282,435.44</u>	<u>\$ 17,563.85</u>	<u>\$ 2,996,194.21</u>
Debt Service:						
Principal	970,000.00	-	970,000.00	970,000.00	-	935,000.00
Interest	1,486,613.00	-	1,486,613.00	1,486,612.54	0.46	1,519,862.54
	<u>2,456,613.00</u>	<u>-</u>	<u>2,456,613.00</u>	<u>2,456,612.54</u>	<u>0.46</u>	<u>2,454,862.54</u>
	<u>\$ 5,756,613.00</u>	<u>\$ -</u>	<u>\$ 5,756,613.00</u>	<u>\$ 5,739,047.98</u>	<u>\$ 17,564.31</u>	<u>\$ 5,451,056.75</u>
Excess (Deficit) of Revenues over Expenses				\$ 1,299,586.45		\$ 824,326.29
Reconciliation of Budgetary Basis to GAAP:						
Net Position Appropriated:						
Unrestricted Accounts				-		(3,463.00)
Depreciation Expense				(1,061,858.98)		(1,056,064.90)
Net Adjustment for Pension Expense				(469,121.00)		(12,699.00)
Debt Service Principal				970,000.00		935,000.00
Accrued Interest on Debt				14,291.67		13,854.16
Budget Appropriation - Dental Plan				7,000.00		7,000.00
Payment of Claims - Dental Plan				(7,149.50)		(6,709.60)
Miscellaneous Deposits				255,716.00		241,477.00
Miscellaneous Disbursements				(356,627.59)		(327,885.10)
Non-Capitalized Expenditures				(460,018.98)		(511,415.30)
Non Operating Interest Earned				5,654.74		1,757.84
Capital Contributions				946,000.00		-
Unamortized Debt Discount Costs				(12,438.90)		(12,438.90)
Total Adjustments				<u>(168,552.54)</u>		<u>(731,586.80)</u>
Change in Net Position				<u>\$ 1,131,033.91</u>		<u>\$ 92,739.49</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
 (A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
 NET POSITION - RESTRICTED AND UNRESTRICTED

	Net Investment in Capital Assets and Unrestricted	Current Debt Service	Future Debt Service	Reserve for Operations	Future Improvements	Employees Dental Plan	Ann/Bank Schuyler Permit	DeHart Street Permit	The Mall @ Cattano Ave. Permit	Dalton Garage Permit	Parker Refund Account	Totals 2016
Operating Revenues:												
On and Off Street Revenues	\$ 5,756,134.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,756,134.27
Other Operating Revenues	1,277,586.96											1,277,586.96
	<u>7,033,721.23</u>											<u>7,033,721.23</u>
Operating Expenses:												
Administrative and Maintenance Depreciation	3,751,556.44											3,751,556.44
	1,061,858.98											1,061,858.98
	<u>4,813,415.42</u>											<u>4,813,415.42</u>
Operating Income	2,220,305.81											2,220,305.81
Non Operating Revenues and (Expenses):												
Interest Income		4,383.02	5,654.74		530.18							10,567.94
Interest Expense		(1,472,320.87)										(1,472,320.87)
Payment of Claims					(480,018.96)	(7,149.50)						(7,149.50)
Non-Capitalized Expenditures 2016 Budget Appropriation						7,000.00						(480,018.96)
Future Improvements Capital Contribution					946,000.00							946,000.00
Miscellaneous Deposits	245,391.00						680.00	5,015.00	285.00	4,335.00		255,716.00
Miscellaneous Disbursements	(346,627.39)						(885.00)	(2,385.00)	(1,545.00)	(1,985.00)		(356,627.59)
Unamortized Debt Discount Costs	(12,438.90)											(12,438.90)
Net Income (Deficit) Before Transfers	2,106,630.52	(1,467,937.85)	5,654.74		486,511.20	(149.50)	(195.00)	2,630.00	(1,260.00)	2,370.00	(3,220.20)	1,131,033.91
Transfers:												
Transfers	(2,841,067.34)	1,471,481.82	(5,654.74)		1,371,914.51						3,325.75	
Increase in Retained Earnings	(734,436.82)	3,543.97			1,858,425.71	(149.50)	(195.00)	2,630.00	(1,260.00)	2,370.00	105.55	1,131,033.91
Retained Earnings January 1	7,983,310.78	1,669,780.22	2,467,600.00	50,000.00	929,534.17	12,217.16	11,680.00	18,460.00	7,410.00	13,980.00	276.25	13,164,248.58
Retained Earnings December 31	<u>\$ 7,248,873.96</u>	<u>\$ 1,673,324.19</u>	<u>\$ 2,467,600.00</u>	<u>\$ 50,000.00</u>	<u>\$ 2,787,959.88</u>	<u>\$ 12,067.66</u>	<u>\$ 11,485.00</u>	<u>\$ 21,090.00</u>	<u>\$ 6,150.00</u>	<u>\$ 16,350.00</u>	<u>\$ 381.80</u>	<u>\$ 14,295,282.49</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

	Trustee Revenue <u>Account</u>	Revenue Operating <u>Account</u>	Revolving Change <u>Fund</u>	Payroll <u>Account</u>	<u>Total</u>
Cash and Investments January 1, 2016	\$ 1,036,438.49	\$ (1,980.32)	\$ 37.05	\$ 8,252.97	\$ 1,042,748.19
Cash Receipts:					
Total Parking Revenues Realized	5,701,741.32				5,701,741.32
Transfers from Trustee Revenue Account	(3,258,772.81)	3,258,772.81			-
Change Machine Deposits			245,391.00		245,391.00
Deposits for Net Pay and Agencies				1,353,247.66	1,353,247.66
Prior Year Accounts Receivable	1,782.85				1,782.85
Amount Due to Applied Companies	54,000.00				54,000.00
Payroll Advance Returned	51,134.95				51,134.95
Prepaid Revenues	65,167.30				65,167.30
Budget Refunds	39,400.80				39,400.80
Other Revenue Fund Income:					
Applied Ground Lease	155,000.00				155,000.00
Office Rents	1,132,622.80	-	-	-	1,132,622.80
Total Cash and Investments Available	<u>4,978,515.70</u>	<u>3,256,792.49</u>	<u>245,428.05</u>	<u>1,361,500.63</u>	<u>9,842,236.87</u>
Cash Disbursements:					
Budget Appropriations		3,038,530.51			3,038,530.51
Accounts Payable		130,685.97			130,685.97
Advances to Change Machines			240,750.00		240,750.00
Amount Due to Applied Companies		67,500.00			67,500.00
Budget Refunds		39,400.80			39,400.80
Credit Card Fees/Bad Checks	105,877.39				105,877.39
Payments to Employees and Agencies				1,348,836.87	1,348,836.87
Transfer to Restricted Accounts	3,968,125.75	-	-	-	3,968,125.75
Total Cash Disbursements	<u>4,074,003.14</u>	<u>3,276,117.28</u>	<u>240,750.00</u>	<u>1,348,836.87</u>	<u>8,939,707.29</u>
Cash and Investments December 31, 2016	<u>\$ 904,512.56</u>	<u>\$ (19,324.79)</u>	<u>\$ 4,678.05</u>	<u>\$ 12,663.76</u>	<u>\$ 902,529.58</u>
Balance Comprised of:					
Cash	\$ 904,512.56	\$ (19,324.79)	\$ 4,678.05	\$ 12,663.76	902,529.58
Investments:					
Money Market Funds	-	-	-	-	-
	<u>\$ 904,512.56</u>	<u>\$ (19,324.79)</u>	<u>\$ 4,678.05</u>	<u>\$ 12,663.76</u>	<u>\$ 902,529.58</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
RESTRICTED ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	Accounts Required By Revenue Bond Agreement				Other Accounts				Total					
	Current Debt Service Accounts	Future Debt Service Accounts	Maple Avenue Construction Account	Future Redevelopment Account	Reserve and Replacement Account	Reserve for Operations	Improvement Account	Employee Dental Plan Account		Ann/Bank Permit Escrow Account	Cattano Avenue Escrow Account	Del-Hart Street Escrow Account	Dalton Garage Escrow Account	Parker Refund Account
Cash and Investments January 1, 2016	\$ 1,669,780.22	\$ 2,481,112.25	\$ 81,891.39	\$ -	\$ 215,873.10	\$ 50,000.00	\$ 341,445.88	\$ 12,217.16	\$ 11,680.00	\$ 7,410.00	\$ 18,460.00	\$ 13,980.00	\$ 276.25	\$ 4,904,126.25
Cash Receipts:														
Interest on Investments	4,383.02	5,654.74			530.18			7,000.00						10,567.94
2016 Budget Appropriation									690.00	285.00	5,015.00	4,335.00		7,000.00
Scan Card Fees Held in Escrow				941,000.00			5,000.00							10,325.00
Future Development Capital Contribution	2,450,000.00			550,000.00			954,800.00							946,000.00
Transfer from Unrestricted Accounts					4,226.51								3,325.75	3,968,125.75
Transfers Between Accounts														4,226.51
Total Cash and Investments Available	4,134,163.24	2,486,766.99	81,891.39	1,491,000.00	220,629.79	50,000.00	1,301,245.88	19,217.16	12,370.00	7,695.00	23,475.00	18,315.00	3,602.00	9,850,371.45
Cash Disbursements:														
Payment of Claims								7,149.50						7,149.50
Bond Interest	1,486,612.54													1,486,612.54
Bond Principal	970,000.00								360.00	495.00	1,560.00	1,200.00	3,220.20	970,000.00
Miscellaneous									525.00	1,050.00	825.00	765.00		6,835.20
Forfeiture of Scan Card Deposits and Equipment														3,165.00
Additions to Property, Plant and Equipment				14,101.00			137,112.00							137,112.00
Non-Capitalized Expenditures							445,917.98							460,018.98
Transfers Between Accounts	4,226.51								885.00	1,545.00	2,385.00	1,965.00	3,220.20	4,226.51
Total Cash Disbursements	2,460,839.05			14,101.00			583,029.98	7,149.50	11,485.00	6,150.00	21,090.00	19,650.00	3,220.20	3,075,119.73
Cash and Investments December 31, 2016	\$ 1,673,324.19	\$ 2,486,766.99	\$ 81,891.39	\$ 1,476,899.00	\$ 220,629.79	\$ 50,000.00	\$ 718,215.90	\$ 12,067.66	\$ 11,485.00	\$ 6,150.00	\$ 21,090.00	\$ 16,350.00	\$ 381.80	\$ 6,775,251.72
Balance Comprised of:														
Cash														
Investments:														
Money Market Funds	1,673,324.19	2,486,766.99			3,662.21									4,163,753.39
U.S. Treasury Notes/Bills					216,967.58									216,967.58
	\$ 1,673,324.19	\$ 2,486,766.99	\$ 81,891.39	\$ 1,476,899.00	\$ 220,629.79	\$ 50,000.00	\$ 718,215.90	\$ 12,067.66	\$ 11,485.00	\$ 6,150.00	\$ 21,090.00	\$ 16,350.00	\$ 381.80	\$ 6,775,251.72

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
CURRENT DEBT SERVICE ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

	2007 Bond <u>Issue</u>	2011 Bond <u>Issue</u>	<u>Total</u>
Cash and Investments January 1, 2016	\$ 887,524.41	\$ 782,255.81	\$ 1,669,780.22
Cash Receipts:			
Interest on Investments	2,005.12	2,377.90	4,383.02
Transfer from Net Revenue Trustee	<u>1,464,000.00</u>	<u>996,000.00</u>	<u>2,460,000.00</u>
Total Cash and Investments Available	<u>2,353,529.53</u>	<u>1,780,633.71</u>	<u>4,134,163.24</u>
Cash Disbursements:			
Bond Principal	260,000.00	710,000.00	970,000.00
Bond Interest	1,194,710.04	291,902.50	1,486,612.54
Transfer to 2002 Reserve and Replacement Trustee	<u>1,618.29</u>	<u>2,608.22</u>	<u>4,226.51</u>
	<u>1,456,328.33</u>	<u>1,004,510.72</u>	<u>2,460,839.05</u>
Cash and Investments December 31, 2016	<u>\$ 897,201.20</u>	<u>\$ 776,122.99</u>	<u>\$ 1,673,324.19</u>
Balance Comprised of:			
Investments:			
Money Market Funds	<u>\$ 897,201.20</u>	<u>\$ 776,122.99</u>	<u>\$ 1,673,324.19</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
FUTURE DEBT SERVICE ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

	2007 Bond <u>Issue</u>	2011 Bond <u>Issue</u>	<u>Total</u>
Cash and Investments January 1, 2016	\$ 1,474,396.71	\$ 1,006,715.54	\$ 2,481,112.25
Cash Receipts:			
Interest on Investments	<u>3,360.23</u>	<u>2,294.51</u>	<u>5,654.74</u>
Cash and Investments December 31, 2016	<u>\$ 1,477,756.94</u>	<u>\$ 1,009,010.05</u>	<u>\$ 2,486,766.99</u>
Balance Comprised of:			
Investments:			
Money Market Funds	<u>\$ 1,477,756.94</u>	<u>\$ 1,009,010.05</u>	<u>\$ 2,486,766.99</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF COMPARATIVE ANALYSIS OF REVENUES REALIZED

	12 Months Ending		Increase or (Decrease)	Percent Change
	December 31, 2016	December 31, 2015		
Off Street				
DeHart Street	\$ 1,638,624.32	\$ 1,428,689.08	\$ 209,935.24	14.69%
Lot 3-R Railroad (Rear)	132,388.91	136,446.81	(4,057.90)	-2.97%
Lot 6-F Speedwell Ave./Early St. (1)	5,394.49	23,366.28	(17,971.79)	-76.91%
Lot 6-R (1)	2,400.00	13,900.00	(11,500.00)	-82.73%
Lot 8-H Elm Street	55,942.14	43,759.54	12,182.60	27.84%
Lot 9-I Vail	114,963.19	122,196.71	(7,233.52)	-5.92%
Lot 10-J Post Office	212,105.76	208,767.99	3,337.77	1.60%
Lot 12-L Ann/Bank Garage	665,610.10	683,967.41	(18,357.31)	-2.68%
Lot 13-M Flagler Street	3,924.56	3,608.27	316.29	8.77%
Lot 14-N Sussex Avenue	3,657.86	2,509.26	1,148.60	45.77%
Lot 15	11,253.71	6,743.80	4,509.91	66.87%
The Mall @ Cattano Avenue	257,369.00	244,365.00	13,004.00	5.32%
Dalton Garage	853,610.44	765,856.39	87,754.05	11.46%
	<u>3,957,244.48</u>	<u>3,684,176.54</u>	273,067.94	7.41%
On Street	1,071,630.71	684,993.55	386,637.16	56.44%
Meter Cards	44,105.00	8,057.00	36,048.00	447.41%
Miscellaneous	52,467.28	48,245.86	4,221.42	8.75%
Validation Program	88,520.58	32,781.41	55,739.17	170.03%
Morristown Green	165,000.00	180,000.00	(15,000.00)	-8.33%
Granite, LLC	170,442.83	162,980.76	7,462.07	4.58%
Washington/Cattano	63,900.00	47,900.00	16,000.00	33.40%
Epstein's	-	100,000.00	(100,000.00)	100.00%
Parking Debit Cards	142,823.39	130,714.62	12,108.77	9.26%
Total Parking Revenues	<u>5,756,134.27</u>	<u>5,079,849.74</u>	<u>676,284.53</u>	<u>13.31%</u>
Other Operating/Revenue Fund Income:				
Interest Earned - Debt Service Fund	4,383.02	789.57	3,593.45	455.11%
Interest Earned - General Reserve and Replacement Fund	530.18	118.03	412.15	349.19%
Developer - Incremental Cost	-	1,713.95	(1,713.95)	-100.00%
Applied Ground Lease	155,000.00	155,000.00	-	0.00%
Office Rents	1,122,586.96	1,034,448.75	88,138.21	8.52%
Total Other Revenues	<u>1,282,500.16</u>	<u>1,192,070.30</u>	<u>90,429.86</u>	<u>7.59%</u>
Interest Earned - Non Operating Funds:				
Future Debt Service	5,654.74	1,757.84	3,896.90	221.69%
Total Interest Earned	<u>5,654.74</u>	<u>1,757.84</u>	<u>3,896.90</u>	<u>221.69%</u>
	<u>\$ 7,044,289.17</u>	<u>\$ 6,273,677.88</u>	<u>\$ 770,611.29</u>	<u>12.28%</u>

(1) Lot 6 was Sold to a Developer in March of 2016.

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

SCHEDULE OF ANALYSIS OF REVENUES REALIZED
FISCAL YEAR ENDED DECEMBER 31, 2016

	Cashier Revenue	Meter Revenue	Monthly Permit Revenue	Space Leases	Meter Cards	Miscellaneous	Total
DeHart Street	\$ -	\$ 835,407.03	\$ 803,217.29	\$ -	\$ -	\$ -	\$ 1,638,624.32
Lot 3-R		60,908.91	69,830.00	1,650.00			132,388.91
Lot 6-F		5,394.49					5,394.49
Lot 6-R			2,400.00				2,400.00
Lot 8-H		20,057.14	35,885.00				55,942.14
Lot 9-I Vail		101,185.19	13,605.00			173.00	114,963.19
Lot 10-J		155,758.92	56,346.84				212,105.76
Lot 12-L Ann/Bank Garage	331,146.10		334,464.00				665,610.10
Lot 13-M		3,924.56					3,924.56
Lot 14-N		1,082.86	2,575.00				3,657.86
Lot 15		11,253.71					11,253.71
Cattano Avenue Mall		529,464.45	257,369.00				257,369.00
Dalton Garage		1,724,437.26	324,145.99				853,610.44
	331,146.10	1,724,437.26	1,899,838.12	1,650.00		173.00	3,957,244.48
On Street:							
Zone 1		796,236.35					796,236.35
Zone II		275,394.36					275,394.36
Meter Cards					44,105.00		44,105.00
Miscellaneous						52,467.28	52,467.28
Validation Program						88,520.58	88,520.58
Morristown Green						165,000.00	165,000.00
Granite , LLC						170,442.83	170,442.83
Washington/Cattano						63,900.00	63,900.00
Parking Debit Cards						142,823.39	142,823.39
Applied Ground Lease						155,000.00	155,000.00
Office Rents						1,122,586.96	1,122,586.96
Interest Earned - Current Debt Service Fund						4,383.02	4,383.02
Interest Earned - General Reserve & Replacement Fund						530.18	530.18
	\$ 331,146.10	\$ 2,796,067.97	\$ 1,899,838.12	\$ 1,650.00	\$ 44,105.00	\$ 1,965,827.24	\$ 7,038,634.43

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF PARKING ACCOUNTS RECEIVABLE

Balance January 1, 2016	\$ 1,782.85
Increased by:	
Revenue Realized in 2016	<u>23,552.95</u>
	25,335.80
Decreased by:	
Received in 2016	<u>1,782.85</u>
Balance December 31, 2016	<u>\$ 23,552.95</u>

Analysis of Balance December 31, 2016

DeHart Street - Monthly	\$ 5,835.00
Miscellaneous	4,423.19
Dalton Garage - Monthly	800.00
Validation Program	9,380.95
Mall	1,300.00
Morris County - Electric	<u>1,813.81</u>
	<u>\$ 23,552.95</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF RENTS ACCOUNTS RECEIVABLE

Balance January 1, 2016	\$ 21,481.72
Increased by:	
Revenue Realized in 2016	<u>1,122,586.96</u>
	1,144,068.68
Decreased by:	
Received in 2016	<u>1,132,622.80</u>
Balance December 31, 2016	<u>\$ 11,445.88</u>

Analysis of Balance December 31, 2016

Jacklyn Maduro	\$ 3,426.06
Geraldine Dodge	1,297.67
Fannie Rippel	464.83
The Seeing Eye	2,720.21
Building C Loft	3,184.12
Morristown Partnership	<u>352.99</u>
	<u>\$ 11,445.88</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE

Balance January 1, 2016	<u>\$ 290,323.80</u>
Balance December 31, 2016	<u>\$ 290,323.80</u>
<u>Analysis of Balance December 31, 2016</u>	
Epsteins LLC.	\$ 260,822.00
Morristown Partnership	<u>29,501.80</u>
	<u>\$ 290,323.80</u>

THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

Balance January 1, 2016	\$ 54,402,832.13
Increased by:	
2016 Construction Expenditures	<u>137,112.00</u>
Balance December 31, 2016	<u>\$ 54,539,944.13</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF ACCOUNTS PAYABLE

Balance January 1, 2016	\$ 130,685.97
Increased by:	
Accounts Payable Charged to 2016 Budget	<u>243,904.93</u>
	374,590.90
Decreased by:	
Accounts Payable Paid in 2016	<u>130,685.97</u>
Balance December 31, 2016	<u>\$ 243,904.93</u>
<u>Analysis of Balance December 31, 2016</u>	
Operating	\$ 122,614.93
Pension	<u>121,290.00</u>
	<u>\$ 243,904.93</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

SCHEDULE OF PREPAID REVENUES

Balance January 1, 2016	\$ 30,840.00
Increased by:	
Recieved in 2016	<u>65,167.30</u>
	96,007.30
Decreased by:	
Applied in 2016	<u>30,840.00</u>
Balance December 31, 2016	<u>\$ 65,167.30</u>

Analysis of Balance December 31, 2016

Debit Cards	5,793.50
10 Pine Street Rent	2,450.00
Validations	303.80
Monthly Permits:	
Lot 3	4,120.00
Lot 8	1,085.00
Lot 9	675.00
Lot 10	2,160.00
Lot 12	6,600.00
Lot 14	50.00
Dalton	9,755.00
DeHart	16,685.00
Mall	<u>15,490.00</u>
	<u>\$ 65,167.30</u>

**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

**SCHEDULE OF REVENUE SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

Issue	Original		Interest Rate	Maturities		Balance Jan. 1, 2016	Paid in 2016	Balance Dec. 31, 2016
	Date	Amount		Date	Amount			
Revenue of 2007	7/1/2007	\$27,180,000.00	5.000%	8/1/2017	\$ 265,000.00	\$25,395,000.00	\$260,000.00	\$25,135,000.00
			5.000%	8/1/2018	280,000.00			
			4.125%	8/1/2019	295,000.00			
			4.250%	8/1/2020	310,000.00			
			4.250%	8/1/2021	320,000.00			
			4.350%	8/1/2022	335,000.00			
			4.375%	8/1/2023	355,000.00			
			4.375%	8/1/2024	365,000.00			
			4.375%	8/1/2025	385,000.00			
			4.500%	8/1/2027	2,890,000.00			
			5.000%	8/1/2030	4,865,000.00			
			5.000%	8/1/2033	5,630,000.00			
			4.500%	8/1/2037	8,840,000.00			
Refunding of 2011	8/16/2011	9,890,000.00	3.000%	8/1/2017	735,000.00	8,325,000.00	710,000.00	7,615,000.00
			4.000%	8/1/2018	755,000.00			
			4.000%	8/1/2019	785,000.00			
			4.000%	8/1/2020	815,000.00			
			3.000%	8/1/2021	850,000.00			
			3.250%	8/1/2022	875,000.00			
			3.450%	8/1/2023	900,000.00			
			3.600%	8/1/2024	935,000.00			
			3.700%	8/1/2025	965,000.00			
						-	-	-
						<u>\$33,720,000.00</u>	<u>\$970,000.00</u>	<u>\$32,750,000.00</u>

**REPORTS PURSUANT TO GOVERNMENT AUDITING
STANDARDS**

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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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

Honorable Chairman and Members
The Parking Authority of the Town of Morristown
Morristown, New Jersey 07960

We have audited the financial statements of The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown) as of and for the year ended December 31, 2016, and have issued our report thereon dated June 27, 2017. 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 requirements prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown)'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 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 in internal control over compliance is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown)'s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have direct and material effect on the determination of basic 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 Governmental Auditing Standards and audit requirements as prescribed by the Bureau of Authority Regulation, 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.

Certified Public Accountants

Newton, New Jersey

June 27, 2017



**THE PARKING AUTHORITY OF THE TOWN OF MORRISTOWN
(A COMPONENT UNIT OF THE TOWN OF MORRISTOWN)**

PART II

**GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2016**

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED PER N.J.S.A. 40A:11-3

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors, formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received".

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months

Effective July 1, 2015 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$40,000.00, however effective January 1, 2011 the bid threshold for entities without a qualified purchasing agent was rolled back to \$17,500.00.

The governing body of the Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown) has the responsibility of determining whether the expenditures in any category will exceed the statutory limit within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments by categories for the performance of any work or the furnishings 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. None were noted.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory limit where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 40A:11-4.

EXAMINATION OF CLAIMS

Claims paid during the period under review were examined for clerical accuracy and proper approvals.

The review and inquiry indicate good scrutiny on the part of the Authority and Authority Officials regarding expenditures.

RECOMMENDATIONS

NONE

Status of Prior Years' Audit Findings/Recommendations:

Not Applicable

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Should any questions arise as to our comments please do not hesitate to call us.

We wish to express our appreciation of the assistance and courtesies extended to us by the Authority officials and employees during the course of the audit.

Respectfully submitted,

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Newton, New Jersey

June 27, 2017