

**PARKING AUTHORITY OF THE
BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)**

Financial Statements and Schedules

December 31, 2015 and 2014

(With Independent Auditors' Reports Thereon)

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Parking Authority of the Borough of Fort Lee
Fort Lee, New Jersey

Report on the Financial Statements

We have audited the accompanying statement of net position of the Parking Authority of the Borough of Fort Lee (a component unit of the Borough of Fort Lee) as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in fund net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parking Authority of the Borough of Fort Lee as of December 31, 2015 and 2014, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in Note 1 to the financial statement, during the fiscal year ended December 31, 2015, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our Opinion is not modified with respect to this matter.

Prior Period Restatement

Because of the implementation of GASB Statements No. 68 and No. 71, beginning net position on the statement of revenues, expenses and changes in net position has been restated for fiscal year December 31, 2015, as discussed in Note 13 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprises the Parking Authority of the Borough of Fort Lee's financial statements. The Supplemental Schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

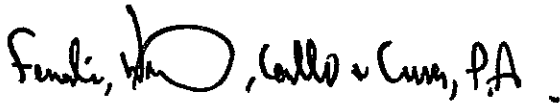
The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.

The Board of Commissioners
Parking Authority of the Borough of Fort Lee
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2016 on our consideration of the Parking Authority of the Borough of Fort Lee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Parking Authority of the Borough of Fort Lee's internal control over financial reporting and compliance.

Very truly yours,



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

March 30, 2016



Management Discussion and Analysis

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fort Lee Parking Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal years ended December 31, 2015 and 2014. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The Authority's assets and deferred outflows did not exceed its liabilities and deferred inflows by \$734,146 (net position) for the fiscal year reported. This compares to the previous year when assets did not exceed liabilities and deferred inflows by \$658,284.

- Total net position are comprised of the following:

Invested in capital assets, net of related debt of \$495,381 includes equipment and leasehold improvements, net of applicable accumulated depreciation.

Restricted net position of \$284,515 restricted by restraints imposed from outside the Authority such as debt covenants, grantors, laws, or regulations.

The undesignated net position of \$(1,514,042) represent the portion available to maintain the Authority's continuing obligations.

- Total liabilities of the Authority increased by \$1,137,497 to \$3,379,711 during the fiscal year.

Overview of the Financial Statements

The Authority is a corporate and politic body organized under the laws of the State of New Jersey. The Comprehensive Annual Financial Report is presented in two sections: Financial Statements and Notes, and Supplemental Schedules and Comments. The Financial section includes Management's Discussion and Analysis and Financial Statements with notes that explain in more detail some of the information in the financial statements. The Supplemental Schedules include detailed financial information along with general comments and recommendations. The Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 34 for the fiscal year ended December 31, 2015.

Required Financial Statements

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Required Financial Statements, continued

The *Statement of Net Position* includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

The *Statement of Revenues, Expenses, and Changes in Fund Net Position* reports how the Authority's net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Authority's distinct activities or functions on revenues provided by the Authority's customers and other funding sources.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Fund Net Position*. This statement measures the results of the Authority's operations over the past year and can be used to determine whether the Authority has recovered all its costs through user fees and other charges, operational stability and credit worthiness.

The final required financial statement is the *Statement of Cash Flows*. This statement reports cash receipts and cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as what operational sources provided cash, what was the cash used for, and what was the change in cash balance during the reporting period.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This supplementary information follows the notes to the financial statements.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Financial Analysis of the Authority

One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better able to fulfill its mission as a result of this years activities?" The *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Fund Net Position* report information about the Authority's activities in a way that will help answer this question. These two statements report net assets of the Authority and the changes in those assets. The reader can think of the Authority's net assets - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

Net Position

As year-to-year financial information is accumulated on a consistent basis, changes in fund net position may be observed and used to discuss the changing financial position of the Authority as a whole.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Net Position, continued

The Authority's net position at fiscal year-end is \$(734,146). This is a \$75,862 decrease from last year's restated net position of \$(658,284). A summary of the Authority's statement of net position is presented in the following table:

Condensed Statement of Net Position at December 31, 2015
With Comparative Prior Year Balances

	<u>2015</u>	Restated <u>2014</u>	Dollar <u>Change</u>	Percent <u>Change</u>	<u>2013</u>
Current Assets	\$1,278,825	\$1,231,453	\$47,372	3.8%	\$1,068,242
Noncurrent Assets	<u>496,416</u>	<u>206,446</u>	<u>289,970</u>	140.5%	<u>223,346</u>
Total Assets	<u>1,775,241</u>	<u>1,437,899</u>	<u>337,342</u>	23.5%	<u>1,291,588</u>
Deferred Outflows of Resources	<u>915,444</u>	<u>259,931</u>	<u>655,513</u>	252.2%	_____
Total Current Liabilities	573,384	330,958	242,426	73.3%	143,459
Non-Current Liabilities	<u>2,806,327</u>	<u>1,911,256</u>	<u>895,071</u>	46.8%	_____
Total Liabilities	<u>3,379,711</u>	<u>2,242,214</u>	<u>1,137,497</u>	50.7%	<u>143,459</u>
Deferred Inflows of Resources	<u>45,120</u>	<u>113,900</u>	<u>(68,780)</u>	(60.4)%	_____
Invested in Capital Assets, Net of Related Debt	495,381	205,411	289,970	141.2%	222,311
Residential Parking Program	150,558	150,558	0	0.0%	150,558
Sweeper Program	133,957	104,628	29,329	28.0%	87,047
Undesignated	<u>(1,514,042)</u>	<u>(1,118,881)</u>	<u>(395,161)</u>	35.3%	<u>688,213</u>
Total Net Position	<u>(\$734,146)</u>	<u>(\$658,284)</u>	<u>(\$75,862)</u>	11.5%	<u>\$1,148,129</u>

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Net Position, continued

While the *Statement of Net Position* shows the change in financial position, the *Statement of Revenues, Expenses and Changes in Fund Net Position* provides answers as to the nature and source of these changes. As can be seen in the following table, net position decreased by \$75,862.

**Condensed Statement of Revenues, Expenses
And Changes in Fund Net Position
For the Year Ending December 31, 2015
With Comparative Prior Year Balances**

	<u>2015</u>	Restated <u>2014</u>	Dollar <u>Change</u>	Percent <u>Change</u>	<u>2013</u>
Operating Revenues	\$1,729,893	\$1,753,217	(\$23,324)	(1.3)%	\$1,532,177
Non-operating Revenues	<u>151,802</u>	<u>149,296</u>	<u>2,506</u>	1.7%	<u>149,377</u>
Total Revenues	<u>1,881,695</u>	<u>1,902,513</u>	<u>(20,818)</u>	(1.1)%	<u>1,681,554</u>
Depreciation	55,639	63,103	(7,464)	(11.8)%	67,772
Other Operating Expense	1,611,993	1,502,831	109,162	7.3%	1,386,770
Other Non-operating Expense	<u>289,925</u>	<u>301,318</u>	<u>(11,393)</u>	(3.8)%	<u>209,446</u>
Total Expenses	<u>1,957,557</u>	<u>1,867,252</u>	<u>90,305</u>	4.8%	<u>1,663,988</u>
Change in Net Position	(75,862)	35,261	(111,123)	(315.1)%	17,566
Beginning Net Position	(658,284)	1,148,129	(1,806,413)	(157.3)%	1,130,563
Prior Period Adjustment	_____	<u>(1,841,674)</u>	<u>1,841,674</u>	(100.0)%	_____
Ending Net Position	<u>(\$734,146)</u>	<u>(\$658,284)</u>	<u>(\$75,862)</u>	11.5%	<u>\$1,148,129</u>

The Authority's operating revenues decreased by \$23,324 to \$1,729,893 in fiscal year 2015 from \$1,753,217 in 2014. Non-operating revenues increased by \$2,506 to \$151,802 due to an increase in interest earnings.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Budgetary Highlights

The State of New Jersey requires local authorities to prepare and adopt annual budgets in accordance with the Local Authorities Fiscal Control Law and regulations adopted by the Local Finance Board pursuant to this statute and codified as N.J.A.C. 5:31-1 et seq. The statutory budget was designed to demonstrate to the Bureau of Authority Regulation of the Division of Local Government Services that the cash flows of the Authority for the coming year will be sufficient to cover operating expenses, interest accruing on bonded indebtedness and cash payments of maturing bond principal.

The following table provides a 2015 budget comparison:

	Budget vs. Actual FY 2015		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Operating	\$1,524,000	\$1,729,893	\$205,893
Non-Operating	<u>146,000</u>	<u>151,802</u>	<u>5,802</u>
	<u>1,670,000</u>	<u>1,881,695</u>	<u>211,695</u>
Expenses:			
Operating	1,559,818	1,667,632	(107,814)
Non-Operating	<u> </u>	<u>289,925</u>	<u>(289,925)</u>
	<u>1,559,818</u>	<u>1,957,557</u>	<u>(397,739)</u>
Income Before Depreciation	<u>\$110,182</u>	<u>(\$75,862)</u>	<u>(\$186,044)</u>

Supplementary Schedule 1 shows that, on a budgetary basis, the Authority realized an unfavorable variance of \$397,742 on budgeted expenses of \$1,559,815 for the period ended December 31, 2015. The Authority realized a favorable variance on the revenue side of \$211,695 resulting in a budgetary basis net variance of \$186,047. No adjustments are necessary to reconcile the budgetary basis net income to GAAP.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Operating Lease

The Authority's premises are leased from the Borough for a 50-year period expiring in the year 2030 at the nominal rental of \$1 per year.

The Authority also leases the municipal parking lot situated south of South Marginal Road and north of Main Street, between Center Avenue and Lemoine Avenue. The lease agreement requires the Authority to share equally with the Borough, the Authority's annual net income in excess of \$25,000, exclusive of the residential parking program operations and the Borough Street Sweeping Program.

The Authority's street and lot parking program operated at a net profit of \$204,635 for the year ended December 31, 2015 and a net profit of \$125,414 for the year ended December 31, 2014. For the year ended December 31, 2015, \$89,818 is due to the Borough of Fort Lee as its share.

Residential Parking Permit Program

On April 30, 1991, the Authority and the Borough entered into an agreement whereby the Authority would supervise and administer a residential parking permit program (Program).

The Program, which is intended to be self supporting, is to be funded by 30% of the violation fines. These fees, when collected by the Borough, are to be turned over to the Authority on a monthly basis. This program operated at a net loss of \$49,230 in 2015 and a net loss of \$26,497 in 2014. The agreement between the Authority and the Borough allows the Authority to recoup any accumulated losses, before sharing any accumulated profits equally. For the year ended December 31, 2015, \$-0- is due to the Borough of Fort Lee as its share.

All revenues received from the sale of business parking permits, by resolution of the Authority's Board of Commissioners, are to be used solely for the creation and maintenance of off-street parking facilities. At December 31, 2015, \$150,558 remains available for off-street parking projects, as a part of the Authority's total retained earnings.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

Borough Street Sweeping Program

On June 25, 1996 the Authority and the Borough entered into an agreement whereby the Authority would supervise and administer a street sweeping program (Sweeper Program).

The Sweeper Program, which is intended to be self supporting, is to be funded by 30% of the violation fines. These fees, when collected by the Borough, are to be turned over to the Authority on a monthly basis. This program operated at a net profit of \$58,658 in 2015 and a net profit of \$35,162 in 2014. The agreement between the Authority and the Borough allows the Authority to recoup any accumulated losses, before sharing any accumulated profits equally. For the year ended December 31, 2015, \$29,329 is due to the Borough of Fort Lee as its share.

All revenues received from the Sweeper Program, by resolution of the Authority's Board of Commissioners, are to be used solely for the creation and maintenance of the Sweeper Program. At December 31, 2015, \$133,957 remains available for Sweeper Program projects, as a part of the Authority's total retained earnings.

Capital Assets

At the end of fiscal year 2015, the Authority had invested \$495,381 in capital assets. A summary of the Authority's capital assets is presented in the following table:

Capital Assets				
(Net of Depreciation)				
	<u>2015</u>	<u>2014</u>	<u>Dollar</u> <u>Change</u>	<u>2013</u>
Building and Building Improvements	\$156,248	\$131,969	\$24,279	\$174,350
Machinery and Equipment	17,017	27,240	(10,223)	47,961
Construction in Progress	<u>322,116</u>	<u>46,202</u>	<u>275,914</u>	<u> </u>
	<u>\$495,381</u>	<u>\$205,411</u>	<u>\$289,970</u>	<u>\$222,311</u>

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

Economic Factors, Future Years' Budgets and Rates

The Commissioners and management of the Authority consider many factors when preparing each year's budget and annual charges. Two of the main factors are growth in the Authority's system and new regulations issued by the State and Federal governments.

Contacting the Authority

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the fees it receives. If you have any questions about this report or need additional information, contact the Parking Authority of the Borough of Fort Lee, 309 Main Street, Fort Lee, New Jersey 07024.

Financial Statements

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)
Statement of Net Position
Proprietary Funds
December 31,

<u>Assets</u>	<u>2015</u>	<u>Restated 2014</u>
Current assets:		
Cash and cash equivalents	\$ 957,976	938,596
Receivables, net:		
Lot Rental - Soho Club	11,520	11,520
Fort Lee Municipal Court	19,814	16,728
Due from Borough - Overpayment	5,000	
Restricted assets		
Cash and cash equivalents	284,515	255,186
Deficit in Reserve for Unemployment Compensation Insurance		9,423
Total current assets	<u>1,278,825</u>	<u>1,231,453</u>
Noncurrent assets:		
Other assets	1,035	1,035
Capital assets	<u>495,381</u>	<u>205,411</u>
Total noncurrent assets	<u>496,416</u>	<u>206,446</u>
Total assets	<u>\$ 1,775,241</u>	<u>1,437,899</u>
<u>Deferred Outflows of Resources</u>		
Deferred Outflows:		
Deferred Pension-Related Costs	<u>\$ 915,444</u>	<u>259,931</u>
Total Deferred Outflows of Resources	<u>\$ 915,444</u>	<u>259,931</u>

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)
Statement of Net Position
Proprietary Funds
December 31,

	<u>2015</u>	<u>Restated 2014</u>
<u>Liabilities and Net Position</u>		
Current liabilities:		
Accounts Payable	\$ 276,923	48,263
Accounts Payable - Pension Related	107,479	107,479
Accrued Liabilities	65,574	82,482
Reserve for Unemployment Trust	4,261	
Amount due to Borough of Fort Lee	<u>119,147</u>	<u>92,734</u>
Total current liabilities	<u>573,384</u>	<u>330,958</u>
Non-Current Liabilities		
Net Pension Liability	<u>2,806,327</u>	<u>1,911,256</u>
Total liabilities	<u>3,379,711</u>	<u>2,242,214</u>
<u>Deferred Inflows of Resources</u>		
Deferred Inflows:		
Deferred Pension-Related Costs	<u>\$ 45,120</u>	<u>113,900</u>
Total Deferred Inflows of Resources	<u>\$ 45,120</u>	<u>113,900</u>
Net Position:		
Invested in Capital Assets, net of Related Debt	495,381	205,411
Restricted for:		
Residential Parking Program	150,558	150,558
Sweeper Program	133,957	104,628
Undesignated	<u>(1,514,042)</u>	<u>(1,118,881)</u>
Total net position	<u>\$ (734,146)</u>	<u>(658,284)</u>

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

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
 (A Component Unit of the Borough of Fort Lee)
 Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 December 31,

	<u>2015</u>	<u>Restated 2014</u>
Operating revenues:		
Parking fees	\$ 1,353,794	1,406,777
Other operating fees	315,364	298,193
Miscellaneous income	<u>60,735</u>	<u>48,247</u>
Total operating revenues	<u>1,729,893</u>	<u>1,753,217</u>
Operating expenses:		
Administration:		
Salaries and wages	202,834	205,363
Fringe benefits	59,413	31,272
Other expenses	126,081	118,712
Cost of providing services:		
Salary and wages	818,547	827,040
Fringe benefits	239,766	126,854
Other expenses	165,352	193,590
Depreciation Expense	<u>55,639</u>	<u>63,103</u>
Total operating expenses	<u>1,667,632</u>	<u>1,565,934</u>
Operating Income (Loss)	<u>62,261</u>	<u>187,283</u>
Nonoperating income (expenses):		
Operating grants and entitlements	145,000	145,000
Interest on investments	6,802	4,296
Borough of Fort Lee employee parking permits		(202,500)
Pension Expense	(170,778)	(31,030)
Due to the Borough of Fort Lee - Shared Revenue	<u>(119,147)</u>	<u>(67,788)</u>
Net nonoperating income	<u>(138,123)</u>	<u>(152,022)</u>
Change in Net Position	(75,862)	35,261
Net position at beginning of year, as previously reported	<u>(658,284)</u>	<u>1,148,129</u>
Prior Period Adjustment:		
Cumulative Effect of Change in Accounting Principle (Implementation of GASB No. 68)		<u>(1,841,674)</u>
Net position at beginning of year, As Restated		(693,545)
Net position at end of year	<u>\$ (734,146)</u>	<u>(658,284)</u>

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

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)
Statement of Cash Flows
Proprietary Funds
December 31,

	<u>2015</u>	<u>Restated 2014</u>
Cash flow from operating activities		
Receipts from customers	1,652,355	1,449,055
Payments to employees	(1,336,380)	(1,162,217)
Payments to suppliers	(155,607)	(352,998)
Miscellaneous	60,735	48,247
	<u>221,103</u>	<u>(17,913)</u>
Cash flows from capital financing activities		
Construction in Progress	(275,914)	(42,618)
Purchase of capital assets	(69,695)	
	<u>(345,609)</u>	<u>(42,618)</u>
Cash flows from investing activities		
Interest	6,802	4,296
	<u>6,802</u>	<u>4,296</u>
Cash flows from noncapital financing activities		
Operating grants and entitlements	145,000	145,000
Grants and entitlements contributed		
Revenue Share - current year entitlements	119,147	67,788
Revenue Share - Paid to the Borough of Fort Lee	(97,734)	
	<u>166,413</u>	<u>212,788</u>
Net increase (decrease) in cash and cash equivalents	48,709	156,553
Cash and cash equivalents, beginning of year	<u>1,193,782</u>	<u>1,037,229</u>
Cash and cash equivalents, end of year	<u>1,242,491</u>	<u>1,193,782</u>
Classified as:		
Unrestricted Assets	957,976	938,596
Restricted Assets	284,515	255,186
	<u>1,242,491</u>	<u>1,193,782</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	62,261	187,283
Depreciation expense	55,639	63,103
Employee parking permits		(202,500)
Borough - Shared Revenue	(119,147)	(67,788)
Change in assets and liabilities:		
Receivables, net	(3,086)	(10,243)
Accounts payable	228,660	(16,080)
Accrued liabilities	(16,908)	28,312
Reserves	13,684	
Net cash provided by (used for) operating activities	<u>221,103</u>	<u>(17,913)</u>

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

Notes to Financial Statements

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements

December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Parking Authority of the Borough of Fort Lee (the Authority) is a corporate and political body created on June 16, 1954. The purpose of the Authority is to develop, finance, contract, improve, maintain and/or operate town-wide parking facilities, including surface lots, garages, and paid on-street parking within the Borough of Fort Lee; to establish parking fees and the days and hours of operation and/or collection for all municipally owned, leased or controlled parking meters, pay stations, and/or other parking facilities; and to serve as the principal coordinating body for establishing and affecting parking policy and initiatives throughout the Borough.

The Authority's fiscal year is the twelve-month period ending December 31, on any year, or such other twelve-month period, which the Authority may establish by Resolution.

B. Reporting Entity

The Governmental Accounting Standards Board Statement 14 requires that disclosure be made in the financial statements regarding the financial reporting entity of governmental units.

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.

A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and either the primary government is able to impose its will on the organization; or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

C. Basis of Presentation

The financial statements of the Parking Authority of the Borough of Fort Lee have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to enterprise funds of state and local governmental units. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Presentation, (continued)

intent of the governing body is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, accountability or other purposes.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) statement and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

D. Basis of Accounting

The Parking Authority of the Borough of Fort Lee prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

E. Cash and Cash Equivalents

Cash and cash equivalents include money market funds and short-term investments including certificates of deposit, with a maturity of three months or less carried at cost, which approximates market.

The Authority's investment practices are governed by New Jersey State Statute 40A:5-15. Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds and a maturity date not greater than 12 months from the date of purchase. In addition, the Authority can invest in direct debt securities of the United States or obligations guaranteed by the United States, bonds and other obligations of the local municipality or bonds or obligations of school districts of which the Authority is a part or within which the Authority is located unless such investments are expressly prohibited by law.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Plant and Equipment

Plant and Equipment are stated at cost, which includes direct acquisition costs and other expenditures related to acquisition or construction. Acquisitions that do not provide both current and future benefits are charged to current operating results.

Depreciation is determined on a straight-line basis for all plant and equipment. Depreciation is provided for over the following estimated useful lives:

Furniture, Fixtures and Equipment	10 Years
Vehicles	5 Years

G. Budgetary Procedures

The budget amounts included in the statement of budget revenues and statement of budget expenditures were approved in accordance with the requirements of the "Local Finance Board" of the State of New Jersey, and were adopted by the Commissioners after legal advertisement and public hearing.

H. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Comparative Data

Comparative data for the prior year have been presented in order to provide an understanding of changes in the Authority's financial position and operations.

J. Accumulated Unpaid Vacation and Sick Pay

The Authority's employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days up to 120 days. Employees are reimbursed for 50% of accumulated sick leave only upon retirement or termination. Accumulated unpaid vacation and sick leave is accrued when earned.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Recent Accounting Pronouncements, (continued)

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, Tax Abatement Disclosures, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Authority is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Authority is currently reviewing what effects, if any, this Statement might have on future financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS

General Authorization

The Borough of Fort Lee Parking Authority's deposit and investment practices are governed by New Jersey State Statute 40A:5-15.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 2. CASH AND CASH EQUIVALENTS, (continued)

GASB Statement No. 3, amended by GASB Statement No. 40, requires disclosure of the level of custodial credit risk assumed by the Authority in its cash, cash equivalents and investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits. The Authority does not have a policy for custodial credit risk; however, the State of New Jersey imposes certain collateral requirements for governmental units that have been adopted in the Authority's cash management plan. These requirements are disclosed in detail in Note 1E.

Deposits

The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. Operating cash, in the form of various checking, savings and NOW Accounts, are held in the Authority's name by commercial banking institutions. At December 31, 2015, the carrying amount of the Authority's deposits was \$1,242,491 and the bank balance was \$1,300,016. Of the bank balance, \$455,828 was insured with Federal Deposit Insurance and \$844,188 was covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the Authority's bank accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty, the Authority would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are uncollateralized (securities not pledged by the depositor), collateralized with securities held by the pledging institution or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2015, all of the Authority's deposits were insured with Federal Deposit Insurance or under the provisions of the Governmental Unit Deposit Protection Act (GUDPA) and not exposed to custodial credit risk.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 2. CASH AND CASH EQUIVALENTS, (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment maturities are limited by its bond indenture as a means of managing its exposure to interest rate risk. Additionally, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Monies in the funds established under the Resolutions may be invested at the Authority's direction in Investment Obligations, which are defined by the Resolutions.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The types of allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States; obligations of federal agencies not exceeding 397 days; bonds or other obligations of the local unit or school districts of which the local unit is a part; government money market mutual funds; local government investment pools; the State of New Jersey Cash Management Fund or agreements to repurchase fully collateralized securities as described in the Statutes.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer.

NOTE 3. BUDGETARY PROCEDURES

The Authority follows the following procedures in establishing the budget.

At least 60 days prior to January 1, the Authority submits its proposed budget to the Division of Local Government Services for approval. The operating budget includes proposed appropriations and the estimated revenues to finance them.

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

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

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 3. BUDGETARY PROCEDURES, (continued)

The Authority's budget is prepared in accordance with generally accepted accounting principles. Revenues are recorded when they became earned and measurable, and expenditures are recorded when they are incurred.

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

NOTE 4. CAPITAL ASSETS

The following is a summary of capital asset activity for the years ended December 31, 2015 and 2014:

<u>2015</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Building and building improvements	247,646			247,646
Machinery and equipment	1,255,403	69,695		1,325,098
Construction in Progress	<u>46,202</u>	<u>275,914</u>		<u>322,116</u>
Totals at historical cost	<u>1,549,251</u>	<u>345,609</u>		<u>1,894,860</u>
Less accumulated depreciation for:				
Building and building improvements	(220,406)	(10,223)		(230,629)
Machinery and equipment	<u>(1,123,434)</u>	<u>(45,416)</u>		<u>(1,168,850)</u>
Total accumulated depreciation	<u>(1,343,840)</u>	<u>(55,639)</u>		<u>(1,399,479)</u>
Total building, improvements and equipment assets being depreciated, net of accumulated depreciation	<u>205,411</u>	<u>289,970</u>		<u>495,381</u>
Business-type activities capital assets, net	<u>205,411</u>	<u>289,970</u>		<u>495,381</u>
<u>2014</u>	<u>Beginning Balance Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Building and building improvements	247,646			247,646
Machinery and equipment	1,255,403			1,255,403
Construction in Progress		<u>46,202</u>		<u>46,202</u>
Totals at historical cost	<u>1,503,049</u>	<u>46,202</u>	<u>0</u>	<u>1,549,251</u>
Less accumulated depreciation for:				
Building and building improvements	(199,685)	(20,721)		(220,406)
Machinery and equipment	<u>(1,081,053)</u>	<u>(42,381)</u>		<u>(1,123,434)</u>
Total accumulated depreciation	<u>(1,280,738)</u>	<u>(63,102)</u>	<u>0</u>	<u>(1,343,840)</u>
Total building, improvements and equipment assets being depreciated, net of accumulated depreciation	<u>222,311</u>	<u>(16,900)</u>		<u>205,411</u>
Business-type activities capital assets, net	<u>222,311</u>	<u>(16,900)</u>	<u>0</u>	<u>205,411</u>

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 5. PENSION PLAN

Description of Plan - All required employees of the Authority are covered by the Public Employees' Retirement System which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Public Employees' Retirement System (PERS) - 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 medicals benefits to certain qualified members. The Public Employees' Retirement System 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.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Other Pension Funds

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

The cost of living increase for PERS is funded directly by the respective system and are considered in the annual actuarial calculation of the required State contribution for the system.

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions. Prudential Financial jointly administers the DCRP

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 5. PENSION PLAN, (continued)

investments with the New Jersey Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the PERS. However, if an employee is ineligible to enroll in the PERS, the employee may be eligible to enroll in DCRP.

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

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

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

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 5. PENSION PLAN, (continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums. Employee contributions for DCRP are based on 5.50% of employee's annual compensation and are matched by a 3% employer contribution.

During the year ended June 30, 2012 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. PERS employer contributions are made annually by the Authority to the pension system in accordance with Chapter 114, P.L. 1997.

Annual Pension Costs (APC)

Three Year Trend Information for PERS

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
12/31/15	\$84,155	100%
12/31/14	72,607	100%
12/31/13	78,030	100%

The Authority did not make any contributions to the DCRP for the years ended December 31, 2015, 2014 or 2013.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 5. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At December 31, 2015, the Authority reported a liability of \$2,806,327 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2015, the Authority's proportion was 0.0125014568 percent, which was an increase of 0.00048063593 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Authority recognized pension expense of \$170,778. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$301,377	\$
Net difference between projected and actual earnings on pension plan investments	66,949	45,120
Changes in proportion and differences between Authority contributions and proportionate share of contributions	439,639	
Authority contributions subsequent to the measurement date	<u>107,479</u>	<u> </u>
Total	<u>\$915,444</u>	<u>\$45,120</u>

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)**

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 5. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

The \$107,479 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, 2015, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2016	\$58,840
2017	58,840
2018	58,840
2019	93,712
2020	52,975

Additional Information

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Authority's Proportion	0.0125014568%	0.0102082087%

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)**

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 5. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

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

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)**

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 5. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 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%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)**

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 5. PENSION PLAN, (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE FINANCIAL STATEMENTS PER - GASB NO. 68, (continued)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
Authority's proportionate share of the pension liability	\$2,233,607	\$2,806,327	\$3,379,047

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 6. OPERATING LEASES

The Authority's premises are leased from the Borough for a 50-year period expiring in the year 2030 at the nominal rental of \$1 per year.

The Authority also leases the municipal parking lot situated south of South Marginal Road and north of Main Street, between Center Avenue and Lemoine Avenue. Such lease agreement includes, among other matters, requirements for the Authority to operate the Senior Citizen bus service, maintain liability insurance, satisfy the outstanding mortgage obligation of the Borough for approximately \$300,000 and share equally with the Borough the Authority's annual operating income in excess of \$25,000, exclusive of the residential parking program operations and the Borough Street Sweeping Program. The initial term of the agreement expired on December 15, 1991. The agreement automatically renews annually on December 15, and either party has the right to give written notice at least six months prior to December 31 of its intention to terminate this agreement.

The Authority's street and lot parking program operated at a net profit of \$204,635 for the year ended December 31, 2015 and a net profit of \$125,414 for the year ended December 31, 2014. For the year ended December 31, 2015, the profit in excess of \$25,000 is \$179,635, of which \$89,818 is due to the Borough of Fort Lee as its share.

NOTE 7. RESIDENTIAL PARKING PERMIT PROGRAM

On April 30, 1991, the Authority and the Borough entered into an agreement whereby the Authority would supervise and administer a residential parking permit program (Program). The agreement is for a five-year period commencing on April 30, 1991 provided that prior to each anniversary hereof, the parties agree independently to review and evaluate the performance of the Program and to determine whether or not to continue the Program through the succeeding year. Upon completion of such review, this agreement may be terminated upon mutual agreement of the parties.

The Program, which is intended to be self supporting, is to be funded by 30% of the violation fines. These fees, when collected by the Borough, are to be turned over to the Authority on a monthly basis. This program operated at a net loss of \$49,230 in 2015 and a net loss of \$26,497 in 2014. The agreement between the Authority and the Borough allows the Authority to recoup any accumulated losses, before sharing any accumulated profits equally. As a result, the accumulated profits for the year ended December 31, 2015 are \$-0-, of which \$-0- is due to the Borough of Fort Lee.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 7. RESIDENTIAL PARKING PERMIT PROGRAM, (continued)

All revenues received from the sale of business parking permits, by resolution of the Authority's Board of Commissioners, are to be used solely for the creation and maintenance of off-street parking facilities. At December 31, 2015, \$150,558 remains available for off-street parking projects, as a part of the Authority's total retained earnings.

In the event that the parties mutually agree to terminate this agreement, the notice of termination is to be given to the Authority no less than six months prior to actual termination. The Authority would continue to receive 30% per the parking ticket fines collected for that six-month period.

NOTE 8. BOROUGH STREET SWEEPING PROGRAM

On June 25, 1996 the Authority and the Borough entered into an agreement whereby the Authority would supervise and administer a street sweeping program (Sweeper Program). The agreement is for a five-year period commencing on June 25, 1996 provided that prior to each anniversary hereof, the parties agree independently to review and evaluate the performance of the Program and to determine whether or not to continue the Sweeper Program through the succeeding year. Upon completion of such review, this agreement may be terminated upon mutual agreement of the parties.

The Sweeper Program, which is intended to be self supporting, is to be funded by 30% of the violation fines. These fees, when collected by the Borough, are to be turned over to the Authority on a monthly basis. This program operated at a net profit of \$58,658 in 2015 and a net profit of \$35,162 in 2014. The agreement between the Authority and the Borough allows the Authority to recoup any accumulated losses, before sharing any accumulated profits equally. The accumulated profits for the year ended December 31, 2015 are \$58,658 of which, \$29,329 is due to the Borough of Fort Lee as its share.

All revenues received from the Sweeper Program, by resolution of the Authority's Board of Commissioners, are to be used solely for the creation and maintenance of the Sweeper Program. At December 31, 2015, \$133,957 remains available for Sweeper Program projects, as a part of the Authority's total retained earnings.

In the event that the parties mutually agree to terminate this agreement, the notice of termination is to be given to the Authority no less than six months prior to actual termination. The Authority would continue to receive 30% per the parking ticket fines collected for that six-month period.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 9. RISK MANAGEMENT

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

The Authority is a member of the Bergen County Joint Insurance Fund (BCJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The BCJIF and MEL coverage amounts are on file with the Borough.

The relationship between the Authority and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Authority is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages in any of the prior three years.

NOTE 10. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Authority is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Authority is billed quarterly for amounts due to the State. The

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 10. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

following is a summary of Authority contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Authority's restricted net assets for the current and prior year:

Fiscal Year <u>Ending</u>	Authority <u>Contributions</u>	Employee Contributions <u>and Interest</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
12/31/15	\$11,493	\$2,171	\$22	\$4,261
12/31/14		2,068		(9,425)
12/31/13		1,772	5,334	(11,493)

NOTE 11. LITIGATION

The Authority is a defendant in various legal proceedings. These cases, if decided against the Authority, would be funded by insurance. The Authority expects such amounts, if any, to be immaterial.

NOTE 12. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through March 30, 2016, the date which the financial statements were available to be issued. The Authority is investigating the advantages of constructing a parking garage on the Guntzer Street municipal lot.

NOTE 13. PRIOR PERIOD ADJUSTMENTS

On January 1, 2015, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement requires, among other things, the

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Notes to Financial Statements, Continued

December 31, 2015 and 2014

NOTE 13. PRIOR PERIOD ADJUSTMENTS, (continued)

recognition of unfunded net pension obligations and related deferred outflows and inflows in the financial statements of an entity. As a result, the following prior period adjustments have been made on the 2014 financial statements:

	Balance 12/31/14 as Previously <u>Reported</u>	Retroactive <u>Adjustments</u>	Balance 12/31/14 as Restated
Deferred Outflows of Resources:			
Deferred Pension-Related Costs	\$ -	\$259,931	\$259,931
Liabilities:			
Net Pension Liability	-	1,911,256	1,911,256
Accounts Payable - Pension Related	-	107,479	107,479
Deferred Inflows of Resources:			
Deferred Pension-Related Inflows	-	113,900	113,900
Net Position:			
Unrestricted: Undesignated	753,823	(1,872,704)	(1,118,881)

Required Supplementary Information

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
Schedules of Required Supplementary Information
Schedule of Authority's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

	2015	2014
Authority's proportion of the net pension liability (asset)	0.0125014568%	0.0102082087%
Authority's proportionate share of the net pension liability (asset)	\$ 2,806,327	\$ 1,911,256
Authority's covered payroll - PERS	\$ 857,481	\$ 798,649
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	327.28%	239.31%

* GASB requires that ten years of information be presented. However, since 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
Schedules of Required Supplementary Information
Schedule of Authority's Contributions - PERS
*Last 10 Fiscal Years**

	2015	2014
Contractually required contribution	84,155	72,607
Contributions in relation to the contractually required contribution	(84,155)	(72,607)
Contribution deficiency (excess)	-	-
Authority's covered payroll - PERS	\$ 857,481	\$ 798,649
Contributions as a percentage of covered payroll	9.81%	9.09%

* GASB requires that ten years of information be presented. However, since 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Supplementary Schedules

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Supplemental Schedule of Operating Revenues and Appropriations -
Budget vs. Actual

Year ended December 31, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavor- able)</u>
Revenues:			
Operating revenues			
Parking fees	\$ 1,404,000	1,353,794	(50,206)
Other operating revenues	120,000	315,364	195,364
Miscellaneous income		60,735	60,735
Total operating revenues	<u>1,524,000</u>	<u>1,729,893</u>	<u>205,893</u>
Non-operating revenues			
Operating grants and entitlements	145,000	145,000	
Interest on deposits	1,000	6,802	5,802
Total non-operating revenues	<u>146,000</u>	<u>151,802</u>	<u>5,802</u>
Total Revenues	\$ <u>1,670,000</u>	<u>1,881,695</u>	<u>211,695</u>
Operating expenditures:			
Administration			
Salary and wages	\$ 196,268	202,834	(6,566)
Fringe benefits	57,490	59,413	(1,923)
Other expenses	122,000	126,081	(4,081)
Cost of providing service:			
Salary and wages	792,052	818,547	(26,495)
Fringe benefits	232,005	239,766	(7,761)
Other expenses	160,000	165,352	(5,352)
Depreciation Expense		55,639	(55,639)
Total operating expenditures	<u>1,559,815</u>	<u>1,667,632</u>	<u>(107,817)</u>
Non-operating expenditures:			
Due to the Borough of Fort Lee - Shared Revenue		119,147	(119,147)
Pension Expense		170,778	(170,778)
Total non-operating expenditures		<u>289,925</u>	<u>(289,925)</u>
Total expenditures	<u>1,559,815</u>	<u>1,957,557</u>	<u>(397,742)</u>
Excess of Revenue Over Expenditures	\$ <u>110,185</u>	<u>(75,862)</u>	<u>(186,047)</u>

Schedule 2

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Supplemental Schedule of Analysis of Revenues and Expenses

Year ended December 31, 2015

	<u>Total</u>	<u>Street and lot</u>	<u>Residen- tial parking program</u>	<u>Sweeper program</u>
Revenues:				
Operating revenues				
Lot	\$ 395,753	395,753		
Street	412,877	412,877		
Monthly parking	545,164	545,164		
Rental income	23,040	23,040		
Parking violations fine allocation	112,729		112,729	
Residential Visitor, Business and Sticker parking fees	66,866		66,866	
Street sweeper violations fine allocation	112,729			112,729
Miscellaneous Income	<u>60,735</u>	<u>60,735</u>		
Total operating revenues	<u>1,729,893</u>	<u>1,437,569</u>	<u>179,595</u>	<u>112,729</u>
Non-operating revenues				
Operating grants and entitlements	145,000	145,000		
Interest	<u>6,802</u>	<u>6,802</u>		
Total non-operating revenues	<u>151,802</u>	<u>151,802</u>		
Total revenues	<u>\$ 1,881,695</u>	<u>1,589,371</u>	<u>179,595</u>	<u>112,729</u>

Schedule 2

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Supplemental Schedule of Analysis of Revenues and Expenses

Year ended December 31, 2015

	<u>Total</u>	<u>Street and lot</u>	<u>Residen- tial parking program</u>	<u>Sweeper program</u>
Expenditures:				
Payroll and Fringe Benefits:				
Parking Operations	\$ 508,784	508,784		
Residential Parking	152,477		152,477	
Sweeper Program	27,451			27,451
Bus Operations	357,808	357,808		
Employee Benefits	261,049	211,581	40,982	8,486
Operations and Maintenance:				
Administration-				
Office Expenses	21,208	12,369	7,120	1,719
Accounting	16,077	5,360	5,358	5,359
Legal	10,098	3,366	3,366	3,366
Convention	18,155	18,155		
Other Miscellaneous	70,029	70,029		
Utilities	35,979	28,754	3,612	3,613
Meter Repairs/Supplies	47,383	35,551	11,832	
Bus Repairs	14,885	14,885		
Other Repairs	41,201	33,046	4,078	4,077
Program	21,195	21,195		
Uniforms	8,214	8,214		
Depreciation Expense	55,639	55,639		
Total Operating expenditures	<u>1,667,632</u>	<u>1,384,736</u>	<u>228,825</u>	<u>54,071</u>
Non-operating expenditures				
Borough of Fort Lee employee parking permits				
Due to the Borough of Fort Lee - Shared Revenue	119,147	89,818		29,329
Pension Expense	132,226	109,492	19,265	3,468
Total non-operating expenditures	<u>251,373</u>	<u>199,310</u>	<u>19,265</u>	<u>3,468</u>
Total expenditures	<u>\$ 1,919,005</u>	<u>1,584,046</u>	<u>248,090</u>	<u>57,539</u>

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

Roster of Officials

December 31, 2015

Commissioners

Catherine Nest – Chairperson
J. Richard Radoian – Vice Chairperson
Thomas Angelidis - Treasurer
Lane Goldstein - Secretary
Vacant

Attorney

Neil D. Marotta

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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

The Board of Commissioners
Parking Authority of the Borough of Fort Lee
Fort Lee, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Parking Authority of the Borough of Fort Lee, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Parking Authority of the Borough of Fort Lee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Parking Authority of the Borough of Fort Lee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parking Authority of the Borough of Fort Lee's internal control.

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



Honorable Chairman and Members of the
Parking Authority of the Borough of Fort Lee
Page 2.

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

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Parking Authority of the Borough of Fort Lee in the accompany comments and recommendations section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parking Authority of the Borough of Fort Lee's 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 a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Parking Authority of the Borough of Fort Lee in the accompanying comments and recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

March 30, 2016



Comments and Recommendations

PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)

GENERAL COMMENTS

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, c.440 (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:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$40,000.00, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

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."

The bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$40,000.00.

The governing body has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Authority's attorney should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. No violations were discovered.

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 thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 40A:11-4.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our review of the Authority's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

**PARKING AUTHORITY OF THE BOROUGH OF FORT LEE
(A Component Unit of the Borough of Fort Lee)**

COMMENTS AND RECOMMENDATIONS

DECEMBER 31, 2015

Comments

1. Parking space contract rental payments are not being received on a monthly basis as per contract.
2. Payment made to the Borough for their share of revenue was made in excess of the amount due.
3. Interest earned for various certificates of deposit is not being posted to the general ledger.

Recommendations

1. *That the Authority take the necessary steps to ensure rental payments are collected in accordance with contract.
2. That the Authority ensures the payment made to Borough for their share of revenue is in agreement with the amount due.
3. That interest earned on all certificates of deposit be posted to the general ledger.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken out on all, except for those recommendations denoted with an asterisk ("*").

Acknowledgment

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