

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH INDEPENDENT AUDITORS' REPORT

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

TABLE OF CONTENTS

<u>Page</u>		<u>Schedule</u>
INTRODUCTORY SECTION		
1	Roster of Officials	
FINANCIAL SECTION		
2	Independent Auditor's Report	
5	Management's Discussion and Analysis	
BASIC FINANCIAL STATEMENTS		
11	Statement of Net Position	A
12	Statement of Revenues, Expenses and Changes in Net Position	B
FUND FINANCIAL STATEMENTS		
13	Statement of Cash Flows - Proprietary Funds	C
14	Notes to Financial Statements	
SUPPLEMENTARY INFORMATION		
20	Schedule of Cash Receipts and Cash Disbursements	1
21	Statement of Parking Meter Revenues	2
22	Schedule of Property, Plant and Equipment	3
23	Schedule of Operating Revenues and Costs Funded by Operating Revenues Compared to Budget	4
REPORTS PURSUANT TO GOVERNMENT AUDITING STANDARDS		
24	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	
26	Schedule of Findings and Responses	
27	Summary Schedule of Prior-year Audit Findings	
COMMENTS AND RECOMMENDATIONS		
28	General Comments	
30	Comments and Recommendations	

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

**PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)**

ROSTER OF OFFICIALS

December 31, 2019

Commissioners

Kenneth Edwards -Chairman

Keith Mitchell - Vice Chairman

Reverend Frank Leone - Commissioner

James Ciaravolo - Commissioner to March 13, 2019

Alexandra Kweselait - Commissioner from April 22, 2019

Thomas S. Russo, Jr. - Secretary

Dawn Babcock – Treasurer to 10/31/2019

Monica M. Miebach - Treasurer from 11/1/2019

Authority Attorney

Ursula H. Leo, Esq.
Laddey, Clark & Ryan, L.L.C.

Authority Auditor

Wielkocz & Company, LLC
Certified Public Accountants



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
THOMAS M. FERRY, CPA, RMA, PSA

HEADQUARTERS
401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
(973)-835-7900

NEWTON OFFICE
100B MAIN STREET
NEWTON, NEW JERSEY 07860
(973)-835-7900

INDEPENDENT AUDITOR'S REPORT

Honorable Chairperson and
Members of the Commission
Town of Newton Parking Authority
Newton, New Jersey 07860

Report on the Financial Statements

We have audited the accompanying statement of net position of the Town of Newton Parking Authority (the "Authority"), a component unit of the Town of Newton, in the County of Sussex, as of December 31, 2019 and 2018 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 Town of Newton Parking Authority, as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Newton Parking Authority'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 29, 2020 on our consideration of the Town of Newton Parking Authority'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 the 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 Town of Newton Parking Authority's internal control over financial reporting and compliance.

Wielkotz & Company, LLC
WIELKOTZ & COMPANY, LLC
Certified Public Accountants

Newton, New Jersey

April 29, 2020

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

As management of the Town of Newton Parking Authority, we offer the Authority's financial statements this narrative overview and analysis of the Authority's financial performance during the fiscal year ended December 31, 2019. Please read this analysis in conjunction with the Authority's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management discussion, the independent auditor's report and the financial statements of the Authority. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority report information of 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. 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.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of the Authority operations over the past year and can be used to determine whether the Authority has recovered all its costs through its 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 cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE AUTHORITY

One of the most important questions asked about the Authorities 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 Net Position report information about the

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED
DECEMBER 31, 2019

FINANCIAL ANALYSIS OF THE AUTHORITY (continued)

Authority's activities in a way that will help answer this question. These two statements report net position of the Authority and the changes in the position. The reader can think of the Authority's net position - 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 position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non - financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

NET POSITION

A summary of the Authority's Statement of Net Position is presented in the following table:

Condensed Statement of Net Position

	<u>FY</u> <u>2019</u>	<u>FY</u> <u>2018</u>
Current and Other Assets	<u>\$241,451.14</u>	<u>\$194,369.90</u>
Capital Assets:		
Capital Assets, Net	<u>395,928.96</u>	<u>408,295.82</u>
Total Assets	<u>637,380.10</u>	<u>602,665.72</u>
Liabilities:		
Accounts Payable	<u>2,600.00</u>	<u>1,832.50</u>
Net Position:		
Invested in Capital Assets Net of Related Debt	<u>395,928.96</u>	<u>408,295.82</u>
Unrestricted	<u>230,465.64</u>	<u>192,537.40</u>
Restricted:		
Capital Reserve	<u>8,385.50</u>	<u> </u>
Total Net Position	<u><u>\$634,780.10</u></u>	<u><u>\$600,833.22</u></u>

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED
DECEMBER 31, 2019

NET POSITION, (continued)

Statement of Revenues, Expenses and Changes in Net Position

	FY 2019	FY 2018
Operating Revenues	\$116,997.12	\$107,309.05
Non-Operating Revenues	<u>12,735.88</u>	<u>2,612.34</u>
Total Revenues	<u>129,733.00</u>	<u>109,921.39</u>
Depreciation and Amortization Expense	12,366.86	12,762.86
Other Operating Expense	<u>83,419.26</u>	<u>65,695.51</u>
Total Expenses	<u>95,786.12</u>	<u>78,458.37</u>
Changes in Net Position	33,946.88	31,463.02
Net Position - January 1 as Previously Reported		539,353.20
Prior Period Adjustment	<u> </u>	<u>30,017.00</u>
Net Position - January 1 as Restated		569,370.20
Ending Net Position	<u>\$634,780.10</u>	<u>\$600,833.22</u>

While the Statement of Net Position shows the change in financial position of net position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in the above table, net position increased by \$33,946.88.

**PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED
DECEMBER 31, 2019**

BUDGETARY HIGHLIGHTS

The Authority prepares and submits an annual operating budget to the State of New Jersey, which approves the budget for adoption by the Authority prior to the beginning of the fiscal year.

The following table provides a 2019 budget comparison:

	Budget vs. Actual FY2019		
	2019 Budget	2019 Actual	Variance
Revenues			
Retained Earnings Appropriated	\$12,000.00	\$12,000.00	\$ -
User Charges and Fees	77,300.00	108,297.12	30,997.12
Interest on Investments	2,000.00	4,350.38	2,350.38
Leasing Contract	<u>4,700.00</u>	<u>8,700.00</u>	<u>4,000.00</u>
Total Revenues	<u>96,000.00</u>	<u>133,347.50</u>	<u>37,347.50</u>
Expenses			
Cost of Providing Services:			
Contractual - Other Expenses	48,675.00	48,654.00	21.00
Administrative:			
Other Expenses	13,875.00	12,269.80	1,605.20
Operations:			
Other Expenses	21,450.00	10,495.46	10,954.54
Capital Improvements:			
Capital Outlay	<u>12,000.00</u>	<u>12,000.00</u>	<u>-</u>
Total Operating Expenses	<u>\$96,000.00</u>	<u>\$83,419.26</u>	<u>\$12,580.74</u>

**PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED
DECEMBER 31, 2019**

BUDGETARY HIGHLIGHTS (continued)

	Budget vs. Actual FY2018		
	2018 Budget	2018 Actual	Variance
Revenues			
Retained Earnings Appropriated	\$8,000.00	\$8,000.00	\$ -
User Charges and Fees	71,000.00	102,609.05	31,609.05
Interest on Investments	600.00	2,612.34	2,012.34
Leasing Contract	<u>4,700.00</u>	<u>4,700.00</u>	<u>-</u>
Miscellaneous			
Total Revenues	<u>84,300.00</u>	<u>117,921.39</u>	<u>33,621.39</u>
Expenses			
Cost of Providing Services:			
Contractual - Other Expenses	43,800.00	40,284.50	3,515.50
Administrative:			
Other Expenses	13,300.00	12,352.13	947.87
Operations:			
Other Expenses	19,200.00	8,406.11	10,793.89
Capital Improvements:			
Capital Outlay	<u>8,000.00</u>	<u>4,652.77</u>	<u>3,347.23</u>
Total Operating Expenses	<u>\$84,300.00</u>	<u>\$65,695.51</u>	<u>\$18,604.49</u>

ECONOMIC FACTORS, FUTURE YEARS BUDGETS AND RATES

The Commissioners and management of the Authority consider many factors when preparing each year's budget. The main factors are growth in the Authority's parking fees.

**PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS CONTINUED
DECEMBER 31, 2019**

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 Town of Newton Parking Authority, 39 Trinity Street, Newton, New Jersey 07860.

TOWN OF NEWTON PARKING AUTHORITY
(A Component Unit of the Town of Newton)
STATEMENT OF NET POSITION
DECEMBER 31, 2019

Assets:

Current Assets:

Unrestricted:

Cash and Cash Equivalents \$ 233,065.64

Restricted:

Cash and Cash Equivalents 8,385.50

Total Current Assets 241,451.14

Capital Assets:

Land and Land Use Improvements 367,390.81

Other Capital Assts, Net 28,538.15

Total Capital Assets 395,928.96

Total Assets

637,380.10

Liabilities:

Current Liabilities:

Payable from Unrestricted Assets:

Encumbrances Payable 2,600.00

NET POSITION:

Invested in Capital Assets Net of Related Debt 395,928.96

Unrestricted 230,465.64

Restricted for:

Capital Reserve 8,385.50

TOTAL NET POSITION

\$ 634,780.10

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

TOWN OF NEWTON PARKING AUTHORITY
(A Component Unit of the Town of Newton)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

Operating Revenues		
Parking Meter Receipts	\$	108,297.12
Western Plaza Contract		8,700.00
Total Operating Revenues		<u>116,997.12</u>
Operating Expenses		
Administration Other Expenses		12,269.80
Contractual Town of Newton		48,654.00
Other Expenses		10,495.46
Capital Outlay		12,000.00
Depreciation		12,366.86
Total Operating Expenses		<u>95,786.12</u>
Operating Income (Loss)		<u>21,211.00</u>
Non-Operating Revenues (Expenses)		
Interest Income		4,350.38
Reserve for Future Improvements		8,385.50
Total Non-Operating Revenues (Expenses)		<u>12,735.88</u>
Change in Net Position		33,946.88
Net Position - January 1		<u>600,833.22</u>
Net Position - December 31	\$	<u><u>634,780.10</u></u>

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

**TOWN OF NEWTON PARKING AUTHORITY
(A Component Unit of the Town of Newton)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Receipts from Customers	\$	116,997.12
Payments to Suppliers		(74,266.26)
Interest Received		4,350.38
		4,350.38

Net Cash Used for Operating Activities		47,081.24
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Net Increase (Decrease) in Cash and Cash Equivalents		47,081.24
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Cash and Cash Equivalents - Beginning of Year		194,369.90
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Cash and Cash Equivalents - End of Year	\$	241,451.14
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Reconciliation of Operating Income (Loss) to Net Cash

Provided (Used) by Operating Activities:

Operating Income (Loss)		33,946.88
Adjustment to Reconcile Net Income to Net Cash Used by Operating Activities:		
Depreciation		12,366.86
Increase / (Decrease) in Accounts Payable		767.50
		767.50

Net Cash Used for Operating Activities		47,081.24
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The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

Notes to Financial Statements
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Parking Authority of the Town of Newton (the "Authority") is a corporate and political body which was established in 1954. The purpose of the Authority is to develop, finance, contract, improve, maintain and/or operate certain surface lot facilities within the Town of Newton; to establish parking fees and the days and hours of operation and/or collection for all municipally owned, leased or controlled parking meters or other parking facilities; and to serve as the principal coordinating body for establishing and affecting parking policy and initiatives throughout the Town.

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 Town of Newton 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 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.

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

Notes to Financial Statements
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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 Town of Newton 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.

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.

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

Notes to Financial Statements
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Plant and Equipment (continued)

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 Vehicles	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. Recent Accounting Pronouncements

The Government Accounting Standards Board issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The Authority believes this may impact the disclosures relating to debt in the notes to the financial statements.

In June 2018, the Government Accounting Standards Board issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

Notes to Financial Statements
December 31, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Recent Accounting Pronouncements (continued)

also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. This Statement is effect for fiscal years beginning after December 15, 2019, though earlier application is encouraged. The Authority does not believe this Statement will have any effect on future financial statements.

In August 2018, the Government Accounting Standards Board issued GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. This Statement improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The Authority does not believe this Statement will have any effect on future financial statements.

In May 2019, the Government Accounting Standards Board issued GASB Statement No. 91, Conduit Debt Obligations. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. The Authority does not believe this Statement will have any effect on future financial statements.

In January 2020, the Government Accounting Standards Board issued GASB Statement No. 92, Omnibus. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The Authority does not believe this Statement will have any effect on future financial statements.

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

Notes to Financial Statements
December 31, 2019

NOTE 2. CASH AND CASH EQUIVALENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2019, \$-0- of the Authority's bank balance of \$241,287.39 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

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

NOTE 3. CAPITAL AND OPERATING LEASE

The authority does not have any capital or operating leases as of December 31, 2019.

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

Notes to Financial Statements
December 31, 2019

NOTE 4. RISK MANAGEMENT

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

Insurance on the parking facilities identified is provided by the Town of Newton's insurance coverage. The Parking Authority reimburses the Town of the Newton for the premium.

NOTE 5. COMMITMENTS AND CONTINGENCIES

As of December 31, 2019 and the date of this report, we are advised by the Authority's counsel that there are no lawsuits presently pending that would materially impact the financial statements.

NOTE 6: SUBSEQUENT EVENT

The Authority has evaluated subsequent events through April 29, 2020, the date which the financial statements were available to be issued and the following item was noted for disclosure:

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma. The Parking Authority has identified several risks as a result of this pandemic, including a possible delay or reduction in collection of parking fees and cash flow shortages. The Authority will continue to monitor the potential economic impacts on the Parking Authority's operations.

SUPPLEMENTARY DATA

SCHEDULE 1

TOWN OF NEWTON PARKING AUTHORITY

(A Component Unit of the Town of Newton)

SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS

CASH - DECEMBER 31, 2018 \$ 194,369.90

Cash Receipts:

Parking Meter Receipts	108,297.12	
Interest	4,350.38	
Leasing Contracts	<u>8,700.00</u>	
		<u>121,347.50</u>
		315,717.40

Cash Disbursements:

Parking Authority Bills		<u>74,266.26</u>
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CASH - DECEMBER 31, 2019 \$ 241,451.14

SCHEDULE 2

TOWN OF NEWTON PARKING AUTHORITY

(A Component Unit of the Town of Newton)

**STATEMENT OF PARKING METER REVENUES
YEAR ENDED DECEMBER 31, 2019**

	<u>Total</u>	<u>Western Plaza</u>	<u>Central Plaza</u>	<u>Main Street</u>	<u>Adams Street</u>	<u>Passes</u>	<u>Parking Meters</u>
Cash Received	<u>108,297.12</u>	<u>6,486.75</u>	<u>6,889.37</u>	<u>2,041.27</u>	<u>1,986.12</u>	<u>66,060.00</u>	<u>24,833.61</u>

SCHEDULE 3

TOWN OF NEWTON PARKING AUTHORITY

(A Component Unit of the Town of Newton)

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT

<u>ACCOUNT</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Land and Land Improvements	367,390.81
Parking Area - Construction Costs	245,370.51
Vehicles	30,017.00
Parking Meters	41,951.79
Parking Signs	4,589.08
Ticket Machine(s) & Mounts	<u>69,523.24</u>
	<u><u>\$ 758,842.43</u></u>

SCHEDULE 4

TOWN OF NEWTON PARKING AUTHORITY

(A Component Unit of the Town of Newton)

**SCHEDULE OF OPERATING REVENUES AND COSTS
FUNDED BY OPERATING REVENUES COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>REVENUES</u>	2019 <u>Budget</u>	2019 <u>Actual</u>
Retained Earnings Appropriated	12,000.00	12,000.00
User Charges and Fees	77,300.00	108,297.12
Interest on Investments	2,000.00	4,350.38
Leasing Contract	<u>4,700.00</u>	<u>8,700.00</u>
TOTAL REVENUES	<u><u>96,000.00</u></u>	<u><u>133,347.50</u></u>
 <u>EXPENSES</u>		
Cost of Providing Services:		
Contractual - Other Expenses	48,675.00	48,654.00
Administrative:		
Other Expenses	13,875.00	12,269.80
Operations:		
Other Expenses	21,450.00	10,495.46
Capital Improvements:		
Capital Outlay	<u>12,000.00</u>	<u>12,000.00</u>
	<u><u>96,000.00</u></u>	<u><u>83,419.26</u></u>

PARKING AUTHORITY OF THE TOWN OF NEWTON

PART II

**LETTER ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Chairperson and
Members of the Commission
Town of Newton Parking Authority
Newton, New Jersey 07860

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 Newton Parking Authority, as of and for the years ended, December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2020.

Internal Control Over Financial Reporting

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

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

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



Honorable Chairperson and
Members of the Commission
Page 2.

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2019-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Newton Parking Authority'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 test disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Authority's Response to the Findings

The Authority's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

This report is intended solely for the information of the governing body, management, the Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.

Wielkotz & Company, LLC
WIELKOTZ & COMPANY, LLC
Certified Public Accountants

Newton, New Jersey
April 29, 2020

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

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

None

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

**SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2019**

This section identifies the status of prior-year findings related to the general purpose financial statements and federal state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

None

COMMENTS AND RECOMMENDATIONS

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$40,000.

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, 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 threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$40,000.

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.

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)

GENERAL COMMENTS (CONTINUED)

Contracts and Agreements, (continued)

Our examination of expenditures did not reveal any individual payments, contracts, or agreements "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds other than those where bids had been previously sought by public advertisement or where a resolution had previously been adopted under the provisions of N.J.S.A. 40A:11-6.

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. 40k 11-5.

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

**PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)**

**COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2019**

Comments

NONE

Recommendations

NONE

We wish to thank the Town of Newton Parking Authority for their cooperation during the performance of our audit.

Respectfully submitted,

Wielkocz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants

April 29, 2020