

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)
COUNTY OF SUSSEX
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

PARKING AUTHORITY OF THE TOWN OF NEWTON
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YEAR ENDED DECEMBER 31, 2023

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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, 2023

INTRODUCTORY SECTION

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

ROSTER OF OFFICIALS

DECEMBER 31, 2023

COMMISSIONERS

Kenneth Teets – Chairman 1/1/23 to 12/31/23
Keith Mitchell – Vice Chairman 1/1/23 to 12/31/23
Alexandra Kweselait – Commissioner
Robert Boyle – Commissioner
Kristen Shotwell-Vaitkevicius – Commissioner
Thomas S. Russo, Jr. – Secretary
Monica M. Miebach – Treasurer

CONSULTANTS AND ADVISORS

AUDIT FIRM

Nisivoccia LLP
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856

ATTORNEY

Eric M. Bernstein, Esq
Eric M. Bernstein & Associates, LLC
34 Mountain Blvd Building A
Warren, NJ 07059

FINANCIAL SECTION

Independent Auditors' Report

The Honorable Commissioners and Members
of the Parking Authority of the Town of Newton
Newton, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Parking Authority of the Town of Newton (the "Authority"), a component unit of the Town of Newton, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2023, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matters

The financial statements of the Authority as of December 31, 2022 were audited by other auditors whose report dated May 24, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
September 9, 2024

Nisiroccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Registered Municipal Accountant No. 560
Certified Public Accountant

This section presents management's analysis of the Authority's financial condition and activities for the year. This information should be read in conjunction with the financial statements.

Overview of Annual Financial Report

The Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with the audited financial statements and supplementary information. The Management's Discussion and Analysis represents management's examination and analysis of the Authority's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority's strategic plan, budget, and other management tools were used for this analysis.

The financial statements report information about the Authority using full accrual accounting as utilized by similar government entities. The financial statements include a statement of net position; a statement of revenue, expenses, and changes in net position; a statement of cash flows and notes to the financial statements.

The *statement of net position* presents the financial position of the Authority on a full accrual historical cost basis. The statement of net position presents information on all of the Authority's assets and liabilities, as well as any deferred inflows or outflows of resources with the difference reported as net position. Over time, increases and decreases in net position is one indicator of whether the financial position of the Authority is improving or deteriorating.

While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the *statement of revenue, expenses, and changes in net position* presents the results of the business activities over the course of the year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Authority's recovery of its costs. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting principles. The primary objectives of the rate model are to improve equity among customer classes and ensure that capital costs are allocated on the basis of long-term requirements, ensuring that growth pays for growth.

The *statement of cash flows* presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The *notes to the financial statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information concerning the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Financial Conditions

The Authority's financial condition remained solid at year-end with adequate liquid assets, reliable plants and systems to meet demand, and a reasonable level of unrestricted net position. The current financial condition, technical support staff capabilities, and operating and expansion plans to meet anticipated customer needs are well balanced and under control.

The Authority's total net position increased from the prior year by \$80,073. The analysis below focuses on the Authority's net position (Table I) and changes in net position (Table 2) during the year.

Total net position increased 12.55%.

Financial Conditions (Cont'd)

Table I
Condensed Statement of Net Position

	December 31,		Increase/ (Decrease) From 2022	% Increase/ (Decrease)
	2023	2022		
Current and Other Assets	\$ 366,711	\$ 255,620	\$ 111,091	43.46%
Capital Assets:				
Capital Assets, Net	417,265	421,873	(4,608)	-1.09%
Total Assets	783,976	677,493	106,483	15.72%
Current Liabilities	65,700	39,290	26,410	67.22%
Investment in Capital Assets	417,265	421,873	(4,608)	-1.09%
Restricted	8,576	8,576		0.00%
Unrestricted	292,435	207,754	84,681	40.76%
Total Net Position	\$ 718,276	\$ 638,203	\$ 80,073	12.55%

Changes in the Authority's net position can be determined by reviewing the following condensed Statement of Revenue, Expenses and Changes in Net Position for the year.

Results of Operations

Operating Revenue: Revenue from operations falls from parking meter receipts, passes, plazas, and various kiosks. Parking meter fees revenue increased 49% from 2022 mainly due to rate increases and usage of parking locations.

Nonoperating Revenue: The Authority's non-operating revenue increased by 352% from 2022 due to an increase in interest revenue and a leasing contract for Western Plaza.

Expenses: The Authority's expenses decreased due less other expenses expended in 2023 compared to \$84,273 expended in 2022.

Results of Operations (Cont'd)

Table II
Condensed Statement of Revenue, Expenses and Changes in Net Position

	December 31,		Increase/ (Decrease) From 2022	% Increase/ (Decrease)
	2023	2022		
<u>Revenue</u>				
Operating Revenue	\$ 146,868	\$ 98,244	\$ 48,624	49.49%
Nonoperating Revenue	15,204	3,365	11,839	351.83%
Total Revenue	<u>162,072</u>	<u>101,609</u>	<u>60,463</u>	59.51%
<u>Expenses</u>				
Depreciation	4,608	4,608	-	0.00%
Operating Expense	<u>77,391</u>	<u>79,665</u>	<u>(2,274)</u>	-2.85%
Total Expenses	<u>81,999</u>	<u>84,273</u>	<u>(2,274)</u>	-2.70%
Change in Net Position	80,074	17,336	62,738	361.89%
Beginning Net Position	<u>638,203</u>	<u>620,867</u>	<u>17,336</u>	2.79%
Ending Net Position	<u>\$ 718,277</u>	<u>\$ 638,203</u>	<u>\$ 80,074</u>	12.55%

The following table summarizes the Authority's capital assets, net of accumulated depreciation and changes therein, for the year ended December 31, 2023. These changes are presented in detail in Note 3 to the financial statements.

	<u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2023</u>
Land and Land Improvements	\$ 367,391			\$ 367,391
Parking Area - Construction	-			\$ -
Costs	245,370			\$ 245,370
Vehicles	30,017			\$ 30,017
Parking Meters	55,761			\$ 55,761
Parking Signs	4,589			\$ 4,589
Ticket Machine(s) & Mounts	109,164			\$ 109,164
Total	<u>812,292</u>	<u>-</u>		<u>812,292</u>
Less: Accumulated Depreciation	<u>(390,419)</u>	<u>(4,608)</u>		<u>(395,027)</u>
	<u>\$ 421,873</u>	<u>\$ (4,608)</u>	<u>\$ -0-</u>	<u>\$ 417,265</u>

Results of Operations (Cont'd)

Cash Flow Activity: Cash and cash equivalents at year-end 2023 increased by \$111,091 or 43.46% from the previous year. The Authority maintains an adequate cash balance to meet future emergencies and capital requirements.

Long-Term Liabilities: There were none.

Final Comments:

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.

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.

FINANCIAL STATEMENTS

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS

Current Assets:

Unrestricted Assets:

Cash and Cash Equivalents	\$ 358,135
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Restricted Assets:

Cash and Cash Equivalents:	8,576
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Total Current Assets	366,711
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Capital Assets:

Land and Land Use Improvements	367,391
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Other Capital Assets, Net of Accumulated Depreciation	49,874
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Total Capital Assets	417,265
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Total Assets	783,976
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LIABILITIES

Current Liabilities Payable from Unrestricted Assets:

Unearned Revenue	65,700
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Total Current Liabilities	65,700
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NET POSITION

Investment in Capital Assets	417,265
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Restricted	8,576
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Unrestricted	292,435
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Total Net Position	\$ 718,276
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THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023
Operating Revenue:	
Parking Meter Receipts	\$ 142,118
Western Plaza Contract	4,750
Total Operating Revenue	146,868
Operating Expenses:	
Administration Other Expenses	12,932
Contractual Town of Newton	51,556
Other Expenses	12,903
Depreciation	4,608
Total Operating Expenses	81,999
Operating Income	64,869
Nonoperating Revenue:	
Interest Income	13,178
Other Income	2,026
Total Nonoperating Revenue	15,204
Change in Net Position	80,073
Net Position, Beginning of Year	638,203
Net Position, End of Year	\$ 718,276

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
PART OF THIS STATEMENT

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 176,228
Cash Paid to Suppliers	(80,341)
Net Cash Provided by Operating Activities	95,887
Cash Flows from Investing Activities:	
Interest on Investments	13,178
Other Income	2,026
Net Cash Provided by Investing Activities	15,204
Net Increase in Cash and Cash Equivalents	111,091
Cash and Cash Equivalents - Beginning of Year	255,620
Cash and Cash Equivalents - End of Year	\$ 366,711
Reconciliation of Operating Income to Net Cash	
Operating Income	\$ 64,869
Depreciation Expense	4,608
Adjustment to Reconcile Income to Net Cash	
Increase in Unearned Revenue	29,360
(Decrease) in Accounts Payable	(2,950)
Net Cash Provided by Operating Activities	\$ 95,887

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL
PART OF THIS STATEMENT

PARKING AUTHORITY OF THE TOWN OF NEWTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

Note 1: 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.

Note 2: Summary of Significant Accounting Policies

A. Basis of Presentation and Accounting

The Authority utilizes the accrual basis of accounting whereby revenue is recorded as earned and expenses are reflected as the liability is incurred. Operating revenue, such as charges for services result from exchange transactions associated with the principal activity of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenue, such as subsidies and investment earnings, results from nonexchange transactions or ancillary activities. Nonexchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, generally do not occur, with the exception of investment earnings and interest expense. The Authority applies all applicable GASB pronouncements.

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

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all position and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., totals assets plus deferred outflows net of total liabilities and deferred inflows) is segregated into "net investment in capital assets"; "restricted"; and "unrestricted" components.

Reporting Entity

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

PARKING AUTHORITY OF THE TOWN OF NEWTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

Note 2: Summary of Significant Accounting Policies (Cont'd)

A. Basis of Presentation and Accounting (Cont'd)

Reporting Entity (Cont'd)

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above in the current year. Furthermore, the Authority is not includable in any other reporting entity on the basis of such criteria.

B. Inventories

The cost of inventories of supplies is recorded as an expense at the time individual items are purchased, since they are immaterial to the financial position and results of operations of the Authority.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 revenue and expenses during the reporting period. Actual results could differ from the estimates.

D. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

A deferred outflow of resources is a consumption of net position by the Authority that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Authority that is applicable to a future reporting period.

A deferred inflow of resources is an acquisition of net position by the Authority that is applicable to a future reporting period. The Authority had no deferred outflows and inflows of resources at December 31, 2023.

Net position is displayed in three components - investment in capital assets; restricted and unrestricted.

PARKING AUTHORITY OF THE TOWN OF NEWTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 2: Summary of Significant Accounting Policies (Cont'd)

D. Net Position (Cont'd)

The investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of investment in capital assets or the restricted component of net position.

E. Restricted Accounts

Capital Reserve Account - The Authority has segregated \$8,576 at December 31, 2023 for the renewal and replacement of Authority capital assets.

F. 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.

Note 3: Capital Assets

Capital assets, balances and activity for the year ended December 31, 2023 were as follows:

	<u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2023</u>
Land and Land Improvements	\$ 367,391			\$ 367,391
Parking Area - Construction	-			-
Costs	245,370			\$ 245,370
Vehicles	30,017			\$ 30,017
Parking Meters	55,761			\$ 55,761
Parking Signs	4,589			\$ 4,589
Ticket Machine(s) & Mounts	109,164			\$ 109,164
Total	812,292	-		812,292
Less: Accumulated Depreciation	(390,419)	(4,608)		(395,027)
	<u>\$ 421,873</u>	<u>\$ (4,608)</u>	<u>\$ -0-</u>	<u>\$ 417,265</u>

PARKING AUTHORITY OF THE TOWN OF NEWTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

Note 3: Capital Assets (Cont'd)

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. Capital assets were reviewed for impairment. Major classes of property, plant and equipment and their estimated useful lives are summarized below:

	Estimated Useful Life
Parking Meters, Signs, Machines and Mounts	10 Years
Vehicles	5 Years

Note 4: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

The Authority generally records investments at fair value and records gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Authority in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Authority ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Authority limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed in the section of this note on investments.

Custodial Credit Risk - The Authority's policy with respect to custodial credit risk requires that the Authority ensures that Authority funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Authorities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

PARKING AUTHORITY OF THE TOWN OF NEWTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

Note 4: Cash and Cash Equivalents (Cont'd)

Deposits: (Cont'd)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Authority to purchase the following types of investments:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, c. 281 (C.52:18A-90.4); or

PARKING AUTHORITY OF THE TOWN OF NEWTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
 (Continued)

Note 4: Cash and Cash Equivalents (Cont'd)

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in Section 1 of P.L. 1970 c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Debt obligations of federal agencies or government corporations with maturities not to exceed 10 years from the date of the purchase, excluding mortgage backed or derivative obligations, provided that the investments are purchased through the State Division of Investment and are invested consistent with the rules and regulations of the State Investment Council.

Account	Checking Account
Regular Account	\$ 351,898.50
Electronic Fee Account	14,812.81
	\$ 366,711.31

During the year ended December 31, 2023, the Authority did not hold any investments during the year. The carrying amount of the Authority's cash and cash equivalents at December 31, 2023, was \$366,711.31 and the bank balance was \$354,089.91.

PARKING AUTHORITY OF THE TOWN OF NEWTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023
(Continued)

Note 5: 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 Newton for the premium.

Note 6: Accounts Payable

There were no accounts payable as of December 31, 2023.

Note 7: Contingencies

The Authority is periodically involved in various lawsuits, claims, and grievances arising in the normal course of business, including claims for personal injury and personal practices, property damage, and disputes over eminent domain proceedings. In the opinion of the General Counsel to the Authority, payment of claims by the authority, for amounts not covered by insurance, in the aggregate, are not expected to have a material adverse effect on the Authority's financial position.

SUPPLEMENTARY INFORMATION

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
RESTRICTED AND UNRESTRICTED FUNDS
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Unrestricted	Restricted	Investment in Capital Assets	Memo Total	
				2023	2022
Operating Revenue:					
Parking Meter Receipts	\$ 142,118			\$ 142,118	\$ 93,494
Western Plaza Contract	4,750			4,750	4,750
Total Operating Revenue	<u>146,868</u>			<u>146,868</u>	<u>98,244</u>
Operating Expenses:					
Administration Other Expenses	12,932			12,932	12,745
Contractual Town of Newton	51,556			51,556	45,000
Other Expenses	12,903			12,903	21,920
Depreciation			\$ 4,608	4,608	4,608
Total Operating Expenses	<u>77,391</u>		<u>4,608</u>	<u>81,999</u>	<u>84,273</u>
Operating Income/ (Loss)	<u>69,477</u>		<u>(4,608)</u>	<u>64,869</u>	<u>13,971</u>
Nonoperating Revenue/(Expenses):					
Interest Earned	13,178			13,178	3,325
Other Income	2,026			2,026	40
Total Nonoperating Revenue/(Expenses)	<u>15,204</u>			<u>15,204</u>	<u>3,365</u>
Change in Net Position	<u>84,681</u>		<u>(4,608)</u>	<u>80,073</u>	<u>17,336</u>
Net Position, January 1	<u>207,754</u>	\$ 8,576	421,873	638,203	620,867
Net Position, December 31	<u>\$ 292,435</u>	<u>\$ 8,576</u>	<u>\$ 417,265</u>	<u>\$ 718,276</u>	<u>\$ 638,203</u>

SCHEDULE II

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

Balance December 31, 2022		\$ 255,620
Increased by Receipts:		
Parking Meter Receipts	\$ 142,118	
Prepaid Parking Permits	29,360	
Interest	13,178	
Other Income	2,026	
Leasing Contracts	<u>4,750</u>	
		<u>191,432</u>
Decreased by:		
Parking Authority Expenses	77,391	
Accounts Payable	<u>2,950</u>	
		<u>80,341</u>
Balance December 31, 2023		<u><u>\$ 366,711</u></u>

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)
SCHEDULE OF OPERATING FUND REVENUE AND EXPENDITURES
COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023 Final Budget	2023 Actual	Excess or (Deficit)	2022 Actual
Revenue:				
Operating Revenues:				
Fund Balance Anticipated	\$ 10,000	\$ 10,000		\$ 47,000
User Charges and Fees	89,500	142,118	\$ 52,618	93,494
Leasing Contract	4,750	4,750		4,750
Total Operating Revenues	<u>104,250</u>	<u>156,868</u>	<u>52,618</u>	<u>145,244</u>
Non-Operating Revenues:				
Interest on Investments	1,750	13,178	11,428	3,325
Other Non-Operating Revenue		2,026	2,026	40
Total Non-Operating Revenue	<u>1,750</u>	<u>15,204</u>	<u>13,454</u>	<u>3,365</u>
Total Revenue	<u>\$ 106,000</u>	<u>\$ 172,072</u>	<u>\$ 66,072</u>	<u>\$ 148,609</u>
Budgeted Appropriations:				
Cost of Providing Service:				
Contractual - Other Expenses	\$ 52,335	\$ 51,556	\$ 779	\$ 45,000
Administration:				
Other Expenses	14,100	12,932	1,168	12,745
Operations:				
Other Expenses	27,565	12,903	14,662	21,920
Capital Improvements:				
Capital Outlay	12,000		12,000	40,477
Total Appropriations	<u>\$ 106,000</u>	<u>\$ 77,391</u>	<u>\$ 28,609</u>	<u>\$ 120,142</u>

PARKING AUTHORITY OF THE TOWN OF NEWTON
(A Component Unit of the Town of Newton)
STATEMENT OF PARKING METER REVENUES
YEAR ENDED DECEMBER 21, 2023

Cash Received:			
Western Plaza		\$ 2,253	
Central Plaza		3,456	
Main Street		1,048	
Adams Street		1,861	
Kiosks		7,735	
Passes		98,655	
Parking Meters		<u>27,110</u>	
Total Cash Received as of December 31, 2023			<u><u>\$ 142,118</u></u>

SINGLE AUDIT SECTION

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*

Independent Auditor's Report

The Honorable Commissioners and Members
of the Town of Newton Parking Authority
Newton, NJ

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, the financial statements of the Parking Authority of the Town of Newton, in the County of Sussex (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements and have issued our report thereon dated September 9, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 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 Authority'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 the 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 or significant deficiencies may exist that were not identified.

Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

Purpose of this Report

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

Mount Arlington, New Jersey
September 9, 2024

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Certified Public Accountant
Registered Municipal Accountant #560

COMMENTS AND RECOMMENDATIONS

PARKING AUTHORITY OF THE TOWN OF NEWTON
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required Advertisement for Bids

N.J.S.A. 40A:11-3 states:

- a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, 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, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. 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 subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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 therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

The minutes indicated that bids were requested by public advertising and contracts awarded. The minutes also indicated that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for professional services per N.J.S. 40A:11-5.

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Authority has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where questions arise as to whether any contract or agreement might result in violation of the statute, the Authority Attorney's opinion should be sought before a commitment is made.

PARKING AUTHORITY OF THE TOWN OF NEWTON
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required Advertisement for Bids (Cont'd)

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. None were noted.

PARKING AUTHORITY OF THE TOWN OF NEWTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2023

The Authority had no prior year audit findings.

PARKING AUTHORITY OF THE TOWN OF NEWTON
SUMMARY OF RECOMMENDATIONS

None

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