PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)

COMPREHENSIVE ANNUAL AUDIT REPORT

WITH SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITOR'S REPORT

NOVEMBER 30, 2015 AND 2014

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)

NOVEMBER 30, 2015 AND 2014

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A/ Executive Director

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December 20, 2016

The Honorable Commissioners
The Parking Authority of the City of Union City
Union City, New Jersey

State law requires that all local authorities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Parking Authority of the City of Union City (the "Authority") for the years ended November 30, 2015 and 2014.

This report consists of management's representations concerning the finances of the Authority. We believe it is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Authority as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the Authority's financial affairs have been included. Responsibility for completeness and clarity of the report, including disclosures, rests with the management of the Authority and ultimately with the Board of Commissioners. By utilizing the CAFR format, it is the Authority's intent to facilitate an understanding by the non-financially oriented system user as well as provide all necessary information for the most sophisticated financial observer.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

Organization of Report

The CAFR is presented in several sections: Introductory, Financial, Supplementary and Statistical. The Introductory Section includes this transmittal letter and a list of principal officials. The Financial Section includes the independent auditor's report, management's discussion and analysis, and the financial statements, including the notes to the financial statements. The Supplementary Section includes supplementary schedules and information required by the Division of Local Government Services. The Statistical Section includes selected financial, economic and demographic information, generally presented on a multi-year basis.

Government Structure and Services

The Authority's governing body consists of five members appointed by the Mayor of the City of Union City, with the advice and consent of the Board of Commissioners. Members are appointed for terms of five years.

The Authority provides parking in the form of a parking deck, parking lots and meters, as well as enforcement of parking regulations in Union City. The Authority receives $3 per ticket issued (the "surcharge") and collected by the Union City Municipal Courts. Additionally, the Authority retains all monies collected out of the city parking meters as well as various other less significant sources of revenue. None of the employees of the Authority are members of a union.

Internal Accounting Controls

Management of the Authority is responsible for establishing and maintaining an adequate internal control structure. In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of position against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived. All internal control evaluations occur within the above framework. We believe the Authority's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

Basis of Accounting

The Authority's accounting records are maintained on an accrual basis and in accordance with GAAP, as promulgated by the Governmental Accounting Standards Board. The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Annual Budget

The annual budget serves as the foundation for the Authority's financial planning and control. Management prepares a proposed budget, which is presented to the Authority's Board of Commissioners for review and approval. Prior to adoption by the Board of Commissioners, these budgets are reviewed and approved by the State of New Jersey, Division of Local Government Services.

Debt Administration

At November 30, 2015, the Authority has outstanding debt of $1,405,700, which represents a Parking Revenue Bond, for the parking deck located between Kennedy Boulevard and Bergenline Avenue occupying the block between 38th and 39th Street.

Cash Management

The Authority strives to keep abreast of current developments and procedures in cash management to insure efficient and profitable use of available cash resources. The investment policy of the Authority is guided in large part by New Jersey Statutes. Cash is deposited in institutions located in New Jersey which are protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. Funds not needed immediately are invested as certificates of deposit or other allowable investments.

Risk Management

The Authority carries various forms of insurance, including, but not limited to, general liability, automotive, hazard and theft.

Pension Benefits

All Authority employees participate in the New Jersey Public Employees Retirement System (PERS). The PERS is a cost-sharing, multiple-employer defined benefit pension plan and is administered by the State of New Jersey Division of Pensions. Participants are required to contribute a statutory amount to the PERS. The Authority contributes to the PERS at an actuarially determined rate.

Annual Independent Audit

The Authority's financial statements have been audited by Garbarini & Co., P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the years ended November 30, 2015 and 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the years ended November 30, 2015 and 2014, are fairly presented in conformity with GAAP. The independent auditors' report is included in the financial section of this report.

Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff and the Commissioners of the Authority. We would like to express our appreciation to all those who assisted and contributed to the preparation of this report.

Respectfully submitted,

Ramon Vasquez
Executive Director

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)

ROSTER OF OFFICIALS

NOVEMBER 30, 2015

Authority Members

Ulysses Isa, Chairman

Lidia Figueredo, Secretary

Benigno Rosario, Commissioner

Gildardo Hernandez, Commissioner

Daisy Rivera, Commissioner

Tifphani White, Commissioner

Teresa Adams, Commissioner

GARBARINI & CO. P.C.
Certified Public Accountants

REGISTERED MUNICIPAL ACCOUNTANTS
LICENSED PUBLIC SCOOL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Commissioners of the
Parking Authority of the City of Union City
Union City, New Jersey

Report on the Financial Statements

We have audited the accompanying comparative statement of net position of the Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, as of November 30, 2015 and 2014 - restated, and the related comparative 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 financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 on U.S. Generally Accepted Accounting Principles

In our opinion, the financial statements referred to above present fairly, in all material respects, the comparative statement of net position as of November 30, 2015 and 2014 - restated, the comparative statements of activities, cash flows, and the related notes to the financial statements for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 4 to the financial statements, in the fiscal year ended November 30, 2015, the Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. The prior year financial statements were restated to reflect the pension liability as of November 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and pension liability information on pages 9-13 and 32-35 to be presented to supplement the 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 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 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

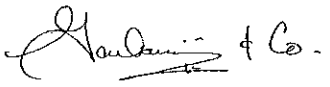
Other Information

Our audit was conducted for the purpose of forming an opinion on the Authority's financial statements that collectively comprise the Authority's financial statements. The introductory section and other supplementary schedules section are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary 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 basic 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Garbarini & Co. P.C. CPAs
Certified Public Accountants

Carlstadt, New Jersey
December 20, 2016

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Commissioners of the
Parking Authority of the City of Union City
Union City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), the financial statements of the Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, which comprise the comparative statement of net position as of November 30, 2015 and 2014 - restated, and the related statements of activities, cash flows, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2016.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

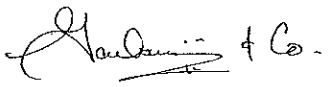
Compliance and Other Matters

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 determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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* and audit requirements as prescribed by the Division in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Garbarini & Co. P.C. CPAs
Certified Public Accountants

Carlstadt, New Jersey
December 20, 2016

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2015

This section of the Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended November 30, 2015.

Please read it in conjunction with the Authority's financial statements and accompanying notes as well as the transmittal letter at the front of this report.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis for Local Governments.*

Discussion of Financial Statements Included in the Annual Audit

The Authority is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to a private business.

The financial statements immediately follow this discussion and analysis by management and are designed to highlight the Authority's net position and changes to those assets resulting from Authority operations.

The Basic Financial Statements

The Comparative Statement of Net Position provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority's creditors (liabilities), with the difference between the two reported as net position.

The Comparative Statement of Revenues, Expenses and Changes in Net Position shows how the Authority's net position changed during each year and accounts for all of the current year's revenues and expenses, measures the success of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

The Comparative Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, non-capital financing (if applicable), and capital related financing and investing activities.

Notes to Basic Financial Statements

The notes provide additional information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies; details of cash and investments; employee benefits; long-term debt and lease transactions of the Authority; and any other events or developing situations that could materially affect the Authority's financial position.

Financial Highlights

The Authority has implemented GASB No. 68. The objective of this statement is to improve accounting and financial reporting of pensions by state and local governments. The financial statements as of November 30, 2014 have been restated. Further explanation of GASB No. 68 can be found in Note 4 to the financial statements.

The following data highlights the changes in the Authority's finances for the years ended November 30, 2015, 2014-restated, and 2013:

Increase/(Decrease)	2015	2014 - Restated	2013
Total Net Position	$ 301,631	$ (2,394,211)	$ (136,021)
Cash and cash equivalents	90,254	151,607	120,218
Net capital assets	(74,094)	(179,306)	(178,749)
Total liabilities	(2,552,491)	5,080,826	(474,995)
Operating revenues	536,240	(132,490)	116,915
Operating expenses	39,086	143,072	(75,690)
Operating income / (loss)	497,154	(275,562)	192,605

Fiscal Year 2015 compared to 2014-restated. Total liabilities decreased by $2,552,491 due to changes in the pension liability reported under GASB No. 68 and the payment of debt. Total operating revenues increased by $536,240 due to the receipt of a subsidy from the City of Union City and an increase in parking revenues. Total operating expenses increased by $39,086 due to increases in employee benefits and insurance costs.

Fiscal Year 2014 – restated, compared to 2013. Net position decreased by $2,394,211, mainly as a result of the retroactive implementation of GASB No. 68. A decrease in the revenues earned from ticket surcharges was also a contributing factor. Cash and cash equivalents increased by $151,607 due a decrease in payroll based on the reduction of staff as well as a reduction in expenses. Total liabilities increased by $5,080,826 due to the retroactive implementation of GASB No. 68. Operating income decreased by $275,562 due to the implementation of GASB No. 68, a decline in surcharge revenue, as well as miscellaneous revenue which included FEMA reimbursements in 2013.

Financial Analysis of the Authority

The following table summarizes the assets deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of November 30, 2015, 2014-restated and 2013:

	2015	2014 - Restated	2013	2015 to 2014	2014 to 2013
Current assets	$ 913,077	$ 573,459	$ 430,336	59.2%	33.3%
Capital assets	2,894,055	2,968,149	3,147,455	-2.5%	-5.7%
Total assets	3,807,132	3,541,608	3,577,791	7.5%	-1.0%
Deferred Outflows of Resources	2,676,536	3,021,776	-	-11.4%	
Current liabilities	1,020,462	928,332	665,874	9.9%	39.4%
Long-term liabilities	3,780,521	6,425,242	1,606,874	-41.2%	299.9%
Total liabilities	4,800,983	7,353,574	2,272,748	-34.7%	223.6%
Deferred Inflows of Resources	2,470,223	298,978	-	726.2%	
Net position:					
Invested in capital assets, net of related debt	1,488,355	1,363,949	1,353,755	9.1%	0.8%
Unrestricted	(2,275,893)	(2,453,117)	(48,712)	-7.2%	4936.0%
Total net position	$ (787,538)	$ (1,089,168)	$ 1,305,043	-27.7%	-183.5%

Fiscal Year 2015 compared to 2014 - restated. The increase in current assets of 59.2% was a result of an increase in surcharges receivable from the City of Union City. Current liabilities increased due to including of professional fees in accounts payable as well as increased payables due to the City of Union City for Health Benefits. Total liabilities decreased by 34.7%, mainly due to a decrease in the pension liability reported under GASB No. 68.

Fiscal Year 2014 - restated compared to 2013. The increase in current assets of 33.3% was a result of a decrease in payroll costs due to a decrease in staff as well as a reduction in general expenses. The increase in current liabilities of 39.4% was mainly a result of a payable created due to the City which made a bond payment on behalf of the Authority and the retroactive implementation of GASB No. 68.. The decrease in unrestricted net position of 4,936.0% is a result of the retroactive implementation of GASB No. 68. The current revenue stream is not supporting the overall operations of the Authority. Continued cost cutting and a future increase in parking revenues will begin to improve the fiscal health of the Authority.

Operating Activities

The following table summarizes the revenues, expenses and changes in net position for the years ended November 30, 2015, 2014-restated and 2013:

	2015	2014 - Restated	2013	2015 to 2014	2014 to 2013
Parking revenues	$ 1,920,048	$ 1,886,340	$ 1,954,093	2%	-3%
Rental and miscellaneous revenues	562,105	59,573	124,310	844%	-52%
Total operating revenues	2,482,153	1,945,913	2,078,403	28%	-6%
Non-operating revenues	179	306	621	-42%	-51%
Accrual of compensated absences	-	(2,484)	66,774	100%	100%
Total revenues	2,482,332	1,943,735	2,145,798	28%	-9%
Operating expenses	(2,107,645)	(2,068,559)	(1,925,487)	2%	7%
Non-operating expenses	(73,057)	(82,199)	(356,332)	-11%	-77%
Total expenses	(2,180,702)	(2,150,758)	(2,281,819)	1%	-6%
(Decrease) increase in net assets	301,630	(207,023)	(136,021)	-246%	52%
Restatement of Net Assets - GASB 68		(2,187,188)			
Net position beginning of year	(1,089,168)	1,305,043	1,441,064	-183%	-9%
Net position end of year	$ (787,538)	$ (1,089,168)	$ 1,305,043	-28%	-183%

Fiscal Year 2015 compared to 2014 - restated. The Authority's operating revenues increased by 28% as a result of the receipt of a subsidy from the City of Union City. Operating expenses increased by 2% due to rising health care and insurance costs.

Fiscal Year 2014 – restated, compared to 2013. The Authority's operating revenues decreased by 6% as a result of a decrease in ticket surcharge revenues as well as an overinflated rental and miscellaneous revenues in 2013 as a result of canceling prior year outstanding checks in the amount of $57,583. Net position decreased by 183% due to the implementation of GASB No. 68.

Capital Assets - The Authority, in fulfilling its mission to provide parking to the commercial and residential communities of Union City, has invested its resources in parking lots and improvements, parking meters and other necessary equipment.

The following table summarizes the changes in capital assets between December 1, 2013 and November 30, 2015:

	November 30, 2013	Additions	November 30, 2014	Additions	November 30, 2015
Land	$ 1,723,338	$ -	$ 1,723,338	$ -	$ 1,723,338
Parking deck	4,097,803	-	4,097,803	-	4,097,803
Improvements	688,854		688,854		688,854
Equipment	1,014,966		1,014,966		1,014,966
Totals at historical cost	7,524,961	-	7,524,961	-	7,524,961
Less: accumulated depreciation	(4,377,506)	(179,306)	(4,556,812)		(4,556,812)
Net capital assets	$ 3,147,455	$ (179,306)	$ 2,968,149	$ -	$ 2,968,149

Debt Administration – At year end, the Authority had bond principal outstanding of $1,405,700 relating to the 38th Street Parking Deck. More detailed information about the Authority's debt is presented in Notes 7 and 8 to the financial statements.

The following table summarizes the capital debt as of November 30, 2015, 2014 and 2013:

	2015	2014	2013
Notes payable	$ -	$ 2,674	$ 2,674
2006 Bond issue	1,405,700	1,604,200	1,793,700
Total debt	$ 1,405,700	$ 1,606,874	$ 1,796,374
Due within one year	$ 208,000	$ 198,500	$ 189,500
Long term portion	1,197,700	1,408,374	1,606,874
Total debt	$ 1,405,700	$ 1,606,874	$ 1,796,374

Contacting the Authority's Financial Management

This financial report is designed to provide the City's citizens, taxpayers, and our customers, clients, investors and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If you have questions about this report or need additional financial information, contact the Parking Authority of the City of Union City, 506-518 38th Street, Union City, NJ 07087 or at (201) 348-5836.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE STATEMENT OF NET POSITION
NOVEMBER 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 560,501	$ 470,247
Leases receivable	5,500	4,050
Accounts receivable	347,076	99,162
Total current assets	913,077	573,459
Noncurrent assets:		
Capital assets:		
Land	1,723,338	1,723,338
Improvements and equipment, net	1,170,717	1,244,811
Total noncurrent assets	2,894,055	2,968,149
Total assets	3,807,133	3,541,608
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferred outflows	$ 2,676,536	$ 3,021,776
LIABILITIES		
Current liabilities:		
Accounts payable	$ 446,916	$ 188,302
Pension payable	274,764	220,899
Due to the City of Union City	-	232,100
Due to the Union City Board of Education	10,040	-
Accrued compensated absences	58,486	63,132
Accrued interest on bond	22,257	25,399
Bond payable due within one year	208,000	198,500
Total current liabilities	1,020,462	928,332
Long-term liabilities:		
Pension liability	2,582,821	5,016,868
Bond payable	1,197,700	1,405,700
Notes payable	-	2,674
Total long-term liabilities	3,780,521	6,425,242
Total liabilities	4,800,983	7,353,574
DEFERRED INFLOWS OF RESOURCES		
Pension deferred inflows	2,470,223	298,978
NET POSITION		
Invested in capital assets, net of related debt	1,488,355	1,363,949
Unrestricted	(2,275,892)	(2,453,117)
Total net position	$ (787,537)	$ (1,089,168)

See independent auditor's report and accompanying notes to the financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGE IN NET POSITION
NOVEMBER 30, 2015 AND 2014

	2015	2014 - Restated
Operating revenues:		
City of Union City subsidy	$ 506,800	$ -
Parking meters	1,291,553	1,232,676
Parking permits	380,312	421,323
Surcharge	248,183	232,341
Rental income	49,500	48,000
Miscellaneous income	5,805	11,573
Total operating revenues	2,482,153	1,945,913
Operating expenses:		
Salaries and wages	786,357	798,937
Payroll taxes	64,038	61,458
Employee benefits	285,374	236,233
PERS annual appropriation	181,875	220,899
Office	97,608	65,412
Uniform	18,867	5,453
Meter repairs and maintenance	12,309	15,361
General repairs and maintenance	30,557	41,057
Vehicle maintenance	18,087	10,508
Parking lot maintenance	2,533	17,137
Utilities	47,101	42,716
Snow removal	22,430	17,490
Insurance	214,990	201,968
Legal fees	43,499	53,275
Accounting fees	81,410	64,029
Other professional fees	15,796	33,835
Advertising	1,702	3,485
Total operating expenses	1,924,533	1,889,253
Operating income	557,620	56,660
Non-operating revenue (expense):		
Interest income from investments	179	306
Depreciation expense	(183,111)	(179,306)
Accrual of compensated absences	-	(2,484)
Interest expense	(73,057)	(82,199)
Total non-operating revenue (expense)	(255,989)	(263,683)
Change in net position	301,631	(207,023)
Restatement of net position due to implementation of GASB 68	-	(2,187,188)
Net position, beginning of year	(1,089,168)	1,305,043
Net position, end of year	$ (787,537)	$ (1,089,168)

See independent auditor's report and accompanying notes to the financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE STATEMENTS OF CASH FLOWS
NOVEMBER 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Cash received from operations	$ 1,877,610	$ 1,950,306
Subsidy from City of Union City - debt service	274,700	-
Payments to employees	(786,357)	(799,818)
Payments to vendors	(892,160)	(767,087)
Net cash provided (used) by operating activities	473,793	383,401
Cash flows from capital and related financing activities:		
Bonds payable	(198,500)	(189,500)
Interest paid on bonds	(76,200)	(42,600)
Net cash (used) by capital and related financing activities	(274,700)	(232,100)
Cash flows from investing activities:		
Cash disbursed for fixed assets	(109,018)	-
Interest received from investments	179	306
Net cash provided (used) by investing activities	(108,839)	306
Increase(Decrease) in cash and cash equivalents	90,254	151,607
Cash and cash equivalents at beginning of year	470,247	318,640
Cash and cash equivalents at end of year	$ 560,501	$ 470,247
Reconciliation of operating (loss) income to net cash provided by operating activities		
Changes in Net Position	$ 301,631	$ (207,023)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation expense	183,111	179,306
Net Loss/(Gain) on investments	(179)	(306)
Interest expense	73,057	82,199
(Increase)/decrease in accounts receivable	(249,364)	8,484
(Decrease)/increase in accounts payable	258,614	(72,367)
(Decrease)/increase in pension payable	53,865	51,642
(Decrease)/increase in Union City payable	(232,100)	232,100
(Decrease)/increase in Union City Board of Education payable	10,040	-
(Decrease)/increase in accrued compensated absences	(4,646)	2,484
(Decrease)/increase in notes payable	(2,674)	-
Restatement of net position adjustment	-	(2,187,188)
(Increase)/decrease in pension deferred outflows	345,240	(3,021,776)
(Decrease)/increase in pension liability	(2,434,047)	5,016,868
(Decrease)/increase in pension deferred inflows	2,171,245	298,978
Net cash provided by operating activities	$ 473,793	$ 383,401

See independent auditor's report and accompanying notes to the financial statements.

1. AUTHORIZING LEGISLATION AND BOND RESOLUTION

The Parking Authority of the City of Union City (the "Authority"), a Component Unit of the City of Union City (the "City"), County of Hudson, State of New Jersey, was created by virtue of an ordinance adopted by the Board of Commissioners of the City. The Authority is a public body, corporate and politic, organized under the laws of the State of New Jersey, the Authority is exempt from Federal, State and Local taxes. The Authority is engaged principally in the operation and maintenance of parking meters and lots within the City. Revenue is generated principally from coin collections, sales of parking permits and surcharge revenues.

The Authority's governing body consists of five members appointed by the Mayor of the City, with the advice and consent of the Board of Commissioners. The Authority is a component unit of the City under Governmental Accounting Standards Boards (GASB) Statement No. 14, as amended by GASB 34. On August 26, 1983, the State of New Jersey enacted P.L. 1983, Chapter 313, providing for a State review of the financial operations of local authorities. The responsibility for this review was given to the Local Finance Board and the Division of Local Government Services of the Department of Community Affairs, ("DLGS").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standard Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements, which may conflict with or contradict GASB pronouncements, in which case, GASB prevails.

In 2013, the Authority implemented GASB 65, "Items Previously Reported as Assets and Liabilities". As a result of implementation, the Authority was required to expense previously reported deferred outflows of resources. Therefore, prior debt issuance costs were fully expensed in 2013.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the financial activities for the year ended November 30, 2015.

GASB 68, *Accounting and Financial Reporting for Pensions,* is effective beginning with the year ending November 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by the state and local government employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. As a result of implementation, the Authority was required to restate the financial statements presented for the fiscal year ended November 30, 2014 to reflect the pension liability and resulting change to net position (see note 16).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Financial Statements

The Authority's financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. All revenues other than nonrecurring miscellaneous revenues are recorded as operating revenues. The Authority applies all GASB pronouncements as well as all FASB statements and pronouncements. Revenues are recognized in the accounting period when they become susceptible to accrual. Expenditures, if measurable, are recognized in the accounting period in which the liability is incurred.

C. Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing and maintaining parking services as well as enforcing parking regulations within the City. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

The Authority's policy is to record all parking fee revenues as operating revenues and interest from investments as non-operating income.

D. Budgets and Budgetary Accounting

The DLGS requires that an annual budget be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Authority and approved by the DLGS per N.J.S.A. 40A:4 et. seq.

E. Allowance for Doubtful Accounts

Management has reviewed all accounts receivable at November 30, 2015 and 2014 and determined that no allowance was necessary.

F. Cash, Cash Equivalents and Investments

Cash and cash equivalents include all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 3.

G. Inventory

Purchases of materials and supplies are expensed when purchased. The Authority does not maintain an inventory of these purchases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Debt Issuance Costs

Bond issuance costs are deferred and amortized over the life of the bonds. Bond issuance costs are reported as unamortized debt issuance costs and amortized over the term of the debt.

I. Capital Assets

In order to comply with the requirements of the "New Jersey Local Authorities Accounting Principles and Auditing Standards Manual," the Authority has valued capital assets at historical cost and has recorded depreciation thereon (see Note 4).

J. Advertising Costs

Advertising costs are charged to operations when incurred. The Authority does not use direct-response advertising. The Authority's advertising costs are for advertising in the local papers as required to publish meeting dates and requests for bids.

K. Income Taxes

The Authority is exempt from Federal incomes taxes under IRC Section 115 and from State income taxes under N.J.S.A. 27:25-16. Accordingly, no provision is recorded for Federal and State incomes taxes.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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 N.J. Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of November 30, 2015 and 2014, $0 of the Authority's bank balance of $570,393 and $473,001, respectively, was exposed to custodial credit risk.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Interest Rate Risk – Investments. The Authority has no 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 - Investments. New Jersey Statutes 40A: 5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: 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. As of November 30, 2015 and 2014, the Authority had no investments.

4. RETIREMENT PLANS

Plan Description - All required employees of the Authority are covered by the Public Employees' Retirement System, which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (the "Division"). According to the State of New Jersey Administrative Code, all obligations of the system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

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

Summary of Significant Accounting Policies

GASB 68, Accounting and Financial Reporting for Pensions is effective beginning with the year ending November 30, 2015. The objective of this statement is to improve accounting and financial reporting by state and local governments for pension. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

4. RETIREMENT PLANS (continued)

Summary of Significant Accounting Policies (continued)

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

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

At November 30, 2015, the Authority reported a liability of $2,582,821 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. The Authority's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the Authority's proportion was 0.011505%, which was a decrease of 0.01529% from its proportion measured as of June 30, 2014.

For the year ended November 30, 2015, the Authority recognized pension expense of $181,875. At November 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 61,617	$ -
Changes of assumptions	277,374	
Net difference projected and actual earnings on pension plan investments		41,527
Changes in proportion and differences between Authority and proportionate share of contributions	2,337,545	2,428,696
Total	$ 2,676,536	$ 2,470,223

4. RETIREMENT PLANS (continued)

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

Amounts reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date (i.e. for the year ended November 30, 2014, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of November 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended Nov. 30	
2016	$	(26,119.00)
2017		(26,119.00)
2018		(26,119.00)
2019		(26,119.00)
2020		(26,119.00)
Thereafter	$	336,908.00
Total	$	206,313.00

	6/30/2015	6/30/2014
Collective deferred outflows of resources	$ 2,946,265,815	$ 588,743,291
Collective deferred inflows of resources	360,920,604	1,115,773,278
Collective net pension liability (Non-State-Local Group)	22,447,996,119	18,722,735,003
Authority's portion of net pension liability	2,582,821	5,016,868
Authority's proportion %	0.0115057976%	0.0267955937%

4. RETIREMENT PLANS (continued)

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/ Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

4. RETIREMENT PLANS (continued)

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

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Authority's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 5.39%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Authority's proportionate share of the net pension	$ 2,936,571	$ 2,434,047	$ 2,942,527

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

4. RETIREMENT PLANS (continued)

PERS Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Two pieces of legislation passed during the year ending June 30, 2002 had a significant impact on the benefit provisions under the PERS. Chapter 133, P.L. 2002, increases retirement benefits for service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increases the retirement benefit for veteran members with 35 or more years of service and reduces the age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements were effective with the November 1, 2002 benefit checks. Chapter 120, P.L.2002, establishes an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the death of the retiree) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Chapter 4, P.L. 2002 provides increased benefits to certain members of the PERS, who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5 percent of the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 percent to 70 percent of final compensation.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfounded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution from 1997 to 2001, excluding the contribution for post-retirement medical benefits in the PERS and TPAF.

4. RETIREMENT PLANS (continued)

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The various pension funds provide for employee contributions based on percentages ranging from 3.00 percent to 8.50 percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT, CPF, and PAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the JRS, PFRS, PERS, SPRS, and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

Three – Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/15	$ 192,968	100%	0
06/30/14	220,899	100%	0
06/30/13	68,231	100%	0

5. CAPITAL ASSETS

A. Capital Assets are stated at historical or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenses.

B. Capital Asset activity for the year ended November 30, 2015 was as follows:

	November 30, 2014	Additions/ (Disposals)	November 30, 2015
Land	$ 1,723,338	$ -	$ 1,723,338
Parking deck	4,080,678	-	4,080,678
Meters	696,973	15,608	712,581
Vehicles	163,933	-	163,933
Machinery and equipment	154,577	(4,997)	149,580
Computer software	17,029	-	17,029
Leasehold improvements	67,236	92,318	159,554
Parking lot improvements	621,197	6,088	627,285
Total	7,524,961	109,017	7,633,978
Less: Accumulated Depreciation	(4,556,812)	(183,111)	(4,739,923)
Net capital assets	$ 2,968,149	$ (74,094)	$ 2,894,055

5. CAPITAL ASSETS (Continued)

C. Assets capitalized have 3 or more years of useful life. Depreciation is calculated on the straight-line basis. The useful lives of capital assets for purposes of computing depreciation are:

Asset Class	Years
Parking Deck	25
Parking Lot Improvements	7
Meters, Vehicles, Machinery & Equipment and Leasehold Improvements	5
Computer Software	3

6. ACCOUNTS PAYABLE AND PENSION PAYABLE

Accounts payable to vendors as of November 30, 2015 and 2014 was $446,916 and $188,302, respectively. Pension payable to the State of New Jersey as of November 30, 2015 and 2014 was $274,764 and $220,899, respectively.

7. NOTES PAYABLE

The balance of $2,674 at November 30, 2014 represents non-interest bearing notes of the Authority and was paid in full during the year ended November 30, 2015.

8. LONG-TERM LIABILITIES

Bond Payable

On October 1, 1996, the Authority, the City and the Hudson County Improvement Authority, (the "HCIA"), entered into the "Lease and Agreement among the Parking Authority of the City of Union City, The Hudson County Improvement Authority and the City of Union City" (the "lease agreement"). The lease agreement provided for the financing, through the Improvement Authority's pooled government loan program bonds, of a parking deck on the land located between Bergenline Avenue and Kennedy Boulevard, and covering the entire block from 38th to 39th Street (the "project"). All leases mentioned above were terminated on July 26th, 2006 when the Authority obtained permanent private placement financing through All Points Public Funding, LLC ("All Points"), a Deutsche Bank Company. The Authority has recorded the parking deck described above in capital assets at a total cost of $4,080,678.

On July 26th, 2006 the Authority issued a bond payable to All Points for $2,900,000 at a fixed rate of interest of 4.75%, maturing on August 1, 2021. Additionally, the Authority transferred $990,000 of invested funds to the HCIA to refund the Capital Lease Payable. The Authority's cost of issuance on the bond out of their invested funds of $134,000 is being amortized over 20 years. In 2012, the remaining balance of $97,247.32 was expensed in full as per GASB No. 65.

8. LONG-TERM LIABILITIES (Continued)

Changes to long-term debt as follows:

Description	Total Debt November 30, 2014	Decreased	Total Debt November 30, 2015	Due Within One Year	Long Term Debt
Bond (Private Placement)	$ 1,604,200	$ 198,500	$ 1,405,700	$ 208,000	$ 1,197,700
Note Payable	2,674	2,674	-	-	-
	$ 1,606,874	$ 201,174	$ 1,405,700	$ 208,000	$ 1,197,700

Schedule of Annual Debt Service for
Principal and Interest for the Next
Five Years and Thereafter for Bonded Debt Issued and Oustanding

Year	Principal	Interest	Totals
2016	$ 208,000	$ 66,771	$ 274,771
2017	217,800	56,891	274,691
2018	228,200	46,545	274,745
2019	239,000	35,706	274,706
2020-2021	512,700	36,812	549,512
Totals	$ 1,405,700	$ 242,725	$ 1,648,425

9. PARKING RATES

The Authority charges meter rates of twenty-five cents per half hour in the meters in its parking decks and the streets, and twenty-five cents per hour for meters located in its lots throughout the City. In addition, the Authority allows monthly permit parking in each of its lots. The monthly permit fee for lots is $75, except for 6th and 12th street lots where it is $60 per month. The monthly permit fee for the 38th Street parking garage is $85 per month. The Authority also issues business permits for $25 per year and employee permits for $50 per year.. These permits are for businesses within the City and employees of the City and other governmental agencies.

10. INTERLOCAL GOVERNMENT SERVICE AGREEMENT

On February 16, 2000, the Board of Commissioners approved the Authority's participation in an Interlocal Government Service Agreement with the City. Under this agreement the Authority made a residual equity transfer to the City in the amount of $1,000,000 in exchange for previous services rendered and in anticipation of the City providing future services, and monthly surcharge revenues of two dollars per parking ticket processed through the City's Municipal Court. Services to be provided include adequate space for the operation of the Authority until at least January 1, 2011 and the following services and assistance as is reasonably and fiscally possible within the limits of the City's manpower and finances: a) mechanical sweeping of the Authority's off-street parking locations, b) repair and maintenance of Authority owned and/or operated vehicles, c) snow plowing and/or snow removal from the Authority's off-street parking facilities, d) utility services incurred as a result of the operation of the Authority's offices, such as water, sewer and telephone, and e) any and all similar services which the City can provide to the Authority as a result of its normal government functions. Effective January 2002, the surcharge revenue was increased to three dollars per ticket. Surcharge revenues for the years ended November 30, 2015 and 2014 were $248,183 and $232,341, respectively.

11. LEASES

United States Postal Service:

The Authority leased office store facilities to the United States Postal Service. The Post office is currently paying month-to-month and the Authority intends on executing a new lease agreement with the post-office. Rental income for the years ended November 30, 2015 and 2014 were $30,000 and $30,000, respectively.

Union city Board of Education:

The Authority leases 3 parking spaces and storage space at its 38th Street Parking Garage to the Union City Board of Education ("the Board"). Rental income for the three parking spaces was $19,500 for the year ended November 30, 2015.

Additionally, the Authority leases a lot located at 601 West Street for the use of citizens of Union City and patrons of businesses in Union City. The lot is owned by the Union City Board of Education. Under the terms of the lease, the Authority will pay the Board 11% of the gross proceeds collected at the lot for the period March 1, 2012-February 28, 2015 and 12% of the gross proceeds collected for the period March 1, 2015-February 28, 2017. The Authority owes the Board $2,323 and $2,152 for collections during the years ended November 30, 2015 and 2014, respectively. Amounts owed for fiscal years ended November 30, 2009 through November 30, 2013 are $5,565. The total owed to the Board under this agreement is $10,040 as of November 30, 2015.

12. NET POSITION

Net position represents the difference between the Authority's position and liabilities. Net positions are categorized into three components:

Invested in capital assets and leasehold interest, net of related debt: This component of net position consists of capital assets and leasehold interest, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, notes or other borrowings.

Restricted: Net position are reported as restricted when constraints are placed on the use of the net position by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Unrestricted: Net position that do not meet the definition of invested in capital assets and leasehold interest, net of related debt or restricted.

	2015	2014 - Restated
Invested in Capital Assets, net of related debt		
Net Capital Assets	$ 2,894,055	$ 2,968,149
Bond Payable	(1,405,700)	(1,604,200)
	1,488,355	1,363,949
Unrestricted	(2,275,892)	(2,453,117)
TOTAL NET POSITION	$ (787,537)	$ (1,089,168)

13. CONTINGENCIES

Accumulated Absences

Effective November 28, 2006 the Authority adopted a policy on the accrual of vacation and sick time which allows for employees to accrue the time in the current year and take it by the end of the next year or be forfeited. Prior to that, the Authority had no formal policy, but based on resolutions passed by the board which awarded accrued sick and vacation time and adjudicated cases, in accordance with GASB No. 16 "Accounting for Compensated Absences", the Authority is liable for accrued sick and vacation pay prior to the November 2006 resolution. The amounts accrued as of the years ended November 30, 2015 and 2014, $58,486 and $63,132, respectively.

Litigation

The Authority is involved in certain legal proceedings from time to time, the resolution and impact on the financial statements of which, individually or in the aggregate, in the opinion of management as advised by legal counsel, would not be significant to the accompanying financial statements.

14. RISK MANAGEMENT

The Authority is exposed to various property and casualty risks including property damage caused to any of the Authority's property, motor vehicles, equipment or apparatus; liability resulting from the use or operation of such motor vehicles, equipment or apparatus; liability from the Authority's negligence, including that of its officers, employees and servants and workers' compensation obligations. The Authority holds commercial insurance policies which insure against the risk of loss for all of the above-mentioned claims.

15. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through December 20, 2016, which is the date the financial statements were available to be issued.

16. RETROATIVE RESTATEMENT OF NET POSITION

The Authority adopted GASB No. 68 – *Accounting and Financial Reporting for Pensions – An amendment of GASB No. 27* during the year ended November 30, 2015, as required by the pronouncement. The pronouncement requires the Authority to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of November 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the Authority was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2015 (as described in note 8), the restatement adjustments to the Net Position relate to the beginning net pension liability measured as of June 30, 2014. The restatement of net position is as follows:

Net Position, November 30, 2014	$	1,257,177
Restatement of Net Pension Liability		(5,069,143)
Restatement of Deferred Inflows/Outflows		2,722,798
Net Position, November 30, 2014 - Restated	$	(1,089,168)

PARKING AUTHORITY OF THE CITY OF UNION CITY
LAST TEN FISCAL YEARS ENDED JUNE 30,

SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Authority's proportionate of the net pension liability (asset)	0.01151%	0.02680%								
Authority's proportionate share of the net pension liability (asset)	$ 2,582,821	$ 5,016,868								
Authority's covered employee payroll	639,157	668,630								
Authority's proportionate share of net pension liability (asset) as a percentage of its covered -employee payroll	404%	750%								
Plan fiduciary net position as a percentage of the total pension liability (Local)										

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

See independent auditor's report and notes to the financial statements

PARKING AUTHORITY OF THE CITY OF UNION CITY
LAST TEN FISCAL YEARS ENDED JUNE 30,
Schedule of Authority Pension Contributions
Public Employees' Retirement System (PERS)

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution*	$ 98,919	$ 220,899								
Contributions in relation to the contractually required contributions*	(98,919)	(220,899)								
Contributions deficiency (excess)	-	-								
Authority's covered employee payroll	639,157	668,630								
Contributions as a percentage of covered-employee payroll	15.48%	33.04%								

* Until a full ten year trend is compiled, information will be presented for those years for which information is available.

See independent auditor's report and notes to the financial statements

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
NOVEMBER 30, 2015 AND 2014

	2015 Budget	2015 Actual
Revenues:		
Parking meter revenues	$ 1,275,000	$ 1,291,553
Parking permit revenues	385,000	380,312
Surcharge revenues	250,000	248,183
Lease/rental income	48,000	49,500
Interest income from investments	200	179
Miscellaneous income	-	5,805
Local subsidy	506,800	506,800
Total revenues	2,465,000	2,482,332
Expenses:		
Salaries and wages	855,000	850,395
Employee benefits	267,000	285,374
PERS appropriation	57,000	181,875
Office and uniform expense	72,000	118,177
General repairs and maintenance	261,000	133,017
Insurance	216,000	214,990
Legal fees	44,000	43,499
Accounting fees	64,000	81,410
IT services	9,000	15,796
Debt Service	274,700	73,057
Total Expenses	$ 2,119,700	1,997,590
Adjustments - GAAP basis:		
Revenues less expenses		484,742
Accrual of compensated absences		-
Depreciation and amortization		(183,111)
Net (decrease)/increase in net position - GAAP basis		$ 301,631

See independent auditor's report and accompanying notes to the financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES COMPARED TO BUDGET
NOVEMBER 30, 2015 AND 2014

	2014 Budget	2014 Actual - Restated
Revenues:		
Parking meter revenues	$ 1,255,000	$ 1,232,676
Parking permit revenues	615,000	421,323
Surcharge revenues	265,000	232,341
Rental income	48,000	48,000
Interest income from investments	1,000	306
Storage income	18,000	11,573
Anticipated budget deficit	168,500	-
Total revenues	2,370,500	1,946,219
Expenses:		
Salaries and wages	950,000	798,937
Payroll tax	95,000	61,458
Employee benefits	350,000	236,233
PERS appropriation	150,000	220,899
Office	35,000	47,791
Uniform	-	5,453
Meter repairs and maintenance	18,000	15,361
General repairs and maintenance	20,000	41,057
Vehicle maintenance	15,000	10,508
Parking lot maintenance	5,000	17,137
Utilities	60,000	42,716
Snow removal	9,799	17,490
Insurance	225,000	201,968
Legal fees	70,000	53,275
Accounting fees	60,000	64,029
Other professional fees	10,000	630
Advertising	5,000	3,485
IT services	-	30,325
Miscellaneous	-	20,501
Debt service	100,000	82,199
Total expenses	$ 2,177,799	1,971,452
Adjustments - GAAP basis:		
Revenues less expenses		(25,233)
Accrual of compensated absences		(2,484)
Depreciation and amortization		(179,306)
Net (decrease)/increase in net position - GAAP basis		$ (207,023)

See independent auditor's report and accompanying notes to the financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH, CASH EQUIVALENTS
AND INVESTMENTS - UNRESTRICTED
NOVEMBER 30, 2015

Balance as of November 30, 2014		
Cash, cash equivalents and investments	$	470,247
Increased by receipts:		
Parking receipts		1,829,610
Interest receipts		179
Other receipts		48,000
Total receipts		1,877,789
Decreased by disbursements:		
Operating disbursements		1,787,535
Balance as of November 30, 2015		
Cash, cash equivalents and investments	$	560,501

See independent auditor's report and accompanying notes to the financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF COST OF REAL PROPERTY
NOVEMBER 30, 2015

Lot Number and Location	Purchase Price
8th - 10th Street Lot:	
720 - 724 8th Street	$ 140,000
719 - 721 10th Street	76,559
723 10th Street	47,500
12th Street Lot	320,000
25th Street Lot:	
509 25th Street	8,500
511 25th Street	6,000
513 25th Street	5,500
515 25th Street	6,000
35th - 36th Street Lot:	
516 - 526 35th Street	13,004
517 - 519 36th Street	32,250
521 - 527 36th Street	10,251
36th - 37th Street Lot:	
514 - 518 36th Street	13,042
520 - 530 36th Street	8,505
515 - 517 37th Street	12,501
519 - 527 37th Street	12,342
37th - 38th Street Lot:	
512 37th Street	52,500
514 37th Street	72,500
516 37th Street	33,000
511- 513 38th Street	83,500
515 38th Street	90,000
38th - 39th Street Lot (parking deck):	
506 - 508 38th Street	7,500
512 - 518 38th Street	48,000
511 - 517 39th Street	9,002
41st - 42nd Street Lot:	
510 - 514 41st Street	5,000
516 41st Street	11,250
518 41st Street	52,002
509 - 511 42nd Street	5,000
513 42nd Street	22,500
515 42nd Street	43,000
517 42nd Street	65,000
44th - 45th Street Lot:	
404 44th Street	70,000
406 44th Street	16,500
408 44th Street	26,500
410 44th Street	35,000
413 45th Street	100,000
415 - 417 45th Street	62,000
47th - 48th Street Lot:	
4705 Bergenline Avenue	20,025
4707 - 4711 Bergenline Avenue	15,105
509 48th Street	66,500
	$ 1,723,338

See independent auditor's report and accompanying notes to the financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF METER, PARKING AND SURCHARGE REVENUES BY LOCATION
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Meter Revenues:										
Bagged Meters	$ 7,455	$ 5,820	$ 12,850	$ 11,678	$ 17,687	$ 9,680	$ 3,636	$ 9,360	$ 7,275	$ 12,345
32nd Street Meters	58,824	53,459	55,272	56,672	54,821	62,431	62,511	62,060	72,228	57,057
35th-36th Street Lot	29,533	26,232	33,295	29,343	28,884	40,480	35,616	30,530	31,115	32,298
36th-37th Street Lot	30,098	28,190	27,244	29,129	29,419	31,950	29,811	23,153	21,940	24,802
Kennedy Blvd. Meters	35,216	33,335	37,435	36,778	32,475	39,561	40,399	37,986	36,181	35,743
41st-42nd Street Lot	34,869	34,475	33,915	42,440	36,533	35,859	38,890	37,448	40,485	44,758
48th Street Meters	66,559	68,137	69,505	67,361	70,670	77,799	84,758	77,552	71,769	73,630
New York Avenue Meters	85,987	76,982	57,830	75,142	76,845	84,233	88,443	87,862	87,339	89,921
Side Street Meters	151,178	237,508	248,261	241,823	240,222	260,707	271,155	271,384	283,410	290,877
Upper Bergenline Avenue Meters	243,139	162,881	165,126	160,813	169,291	182,314	190,874	188,585	192,661	178,641
Lower Bergenline Avenue Meters	178,814	167,433	174,008	164,635	167,945	189,417	194,334	191,985	208,802	212,863
Tunnel Cut Meters	47,287	56,209	53,723	48,413	42,816	55,909	70,479	73,235	72,024	74,433
Summit Avenue Meters	139,416	128,194	138,643	136,750	119,747	149,423	147,944	147,946	148,873	153,957
47th-48th Street Lot	22,230	20,253	20,494	20,219	21,574	21,755	20,260	17,395	17,342	19,376
44th-45th Street Lot	34,717	34,019	34,721	33,811	34,195	36,794	40,250	39,596	40,117	41,778
8th-10th Street Lot	20,028	15,870	15,990	15,671	15,570	21,543	16,607	14,468	14,650	15,690
37th-38th Street Lot	20,265	21,329	23,572	21,865	22,566	3,300	27,107	24,564	25,676	26,862
Palisades Avenue Meter	3,110	1,356	-	-	-	-	-	-	-	-
Park Avenue & Palisades Avenue	456	-	-	-	-	-	-	-	-	-
Parking Deck - 38th Street	82,373	60,994	52,610	41,821	34,145	27,572	15,971	17,507	23,610	24,426
Total Meter Revenues	1,291,553	1,232,676	1,254,494	1,234,365	1,215,405	1,330,727	1,379,045	1,352,616	1,395,497	1,409,457
Parking Permits	380,312	421,323	437,580	438,672	427,256	422,714	434,034	472,175	449,099	401,964
Surcharge	248,183	232,341	262,019	252,772	275,926	288,503	315,114	349,961	389,660	412,622
Total	$ 1,920,048	$ 1,886,340	$ 1,954,093	$ 1,925,809	$ 1,918,587	$ 2,041,944	$ 2,128,193	$ 2,174,752	$ 2,234,256	$ 2,224,043

See independent auditor's report and accompanying notes to the financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN
NET POSITION - RESTRICTED AND UNRESTRICTED
NOVEMBER 30, 2015

	Unrestricted Funds	Invested in Capital Assets, net of related debt	Total Net Position
Operating revenues:			
City of Union City subsidy	$ 506,800	$ -	$ 506,800
Parking and surcharge revenue	1,920,048	-	1,920,048
Other revenue	55,305	-	55,305
	2,482,153	-	2,482,153
Operating expenses:			
Operating expenses	1,924,533	-	1,924,533
	1,924,533	-	1,924,533
Operating income/(loss):	557,620	-	557,620
Non-operating revenue (expense):			
Interest income from investments	179	-	179
Interest expense	(73,057)	-	(73,057)
Depreciation expense		(183,111)	(183,111)
Purchase of fixed assets	(109,017)	109,017	-
	(181,895)	(74,094)	(255,989)
Payment of bond principal	(198,500)	198,500	-
Change in net position	177,225	124,406	301,631
Net position - beginning of year	(2,453,117)	1,363,949	(1,089,168)
Net position - end of year	$ (2,275,892)	$ 1,488,355	$ (787,537)

See independent auditor's report and accompanying notes to the financial statements.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
SCHEDULE OF PRIOR YEAR COMMENTS AND RECOMMENDATIONS
NOVEMBER 30, 2015

14-1 RECOMMENDATION:

That the Authority review and monitor its compliance with the Local Authorities Fiscal Control Law, specifically regarding the following:

1. Submission of introduced annual budget to the Division no later than 60 days prior to the start of the calendar year;
2. Maintenance of internet website which includes information regarding the Authority's operations and activities.

STATUS:

Corrective action has not been taken on item #1. Partial corrective action has been taken on item #2. The internet website does not yet contain the most recent budget adopted in October, 2016.

14-02 RECOMMENDATION:

That the Authority review and monitor its compliance with Publication 1281, specifically regarding the following:

1. The request for all vendors to file a W-9 form with the Authority.

STATUS:

Corrective action has not been taken.

14-03 RECOMMENDATION:

That the Authority review and monitor its compliance with N.J.S.A. 40A:5-16.

STATUS:

Corrective action has not been taken.

PARKING AUTHORITY OF THE CITY OF UNION CITY
COUNTY OF HUDSON, STATE OF NEW JERSEY
(A Component Unit of the City of Union City)
FINDINGS AND RECOMMENDATIONS
NOVEMBER 30, 2015

Finding #15-1:

Reportable noncompliance with the Local Authorities Fiscal Control Law.

Criteria or specific requirement:

- Local Authorities Fiscal Control Law N.J.S.A. 40A:5A-1 et seq.

- N.J.A.C. 5:31

Condition and Context:

The Authority has failed to comply with the following aspects of the Local Authorities Fiscal Control Law:

1. Pursuant to N.J.S.A. 40A:5A-10 and 11, each authority must submit a budget for each fiscal year to the Director of the Division prior to its adoption thereof, and no authority budget shall be finally adopted until the Director of the Division has approved same. Under current regulations (N.J.A.C. 5:31), the Authority is required to submit its introduced budget to the Division, as approved by majority vote of the board of the authority, no later than 60 days prior to the start of the calendar year, December 1. The 2014, 2015 and 2016 introduced budgets of the Authority were not submitted to the Division on a timely basis.
2. Pursuant to N.J.S.A. 40A:5A-17.1, each authority must maintain an internet website or a webpage on the municipality's or county's website that includes information regarding the authority's operations and activities. The Authority has failed to include the following item:
    a. Adopted budget for current year.

Cause:

The Authority did not monitor the compliance with Local Authorities Fiscal Control Laws, as set forth herein.

Effect:

The Authority is in noncompliance with Local Authorities Fiscal Control Laws.

Recommendation:

That the Authority review and monitor its compliance with the Local Authorities Fiscal Control Law, specifically regarding the following:

3. Submission of introduced annual budget to the Division no later than 60 days prior to the start of the calendar year;
4. Maintenance of internet website which includes information regarding the Authority's operations and activities.

Management's Proposed Action Plan:

The management of the Authority will review and monitor its compliance with the Local Authorities Fiscal Control Laws as indicated above.

Finding #15-2:

The Authority did not obtain sufficient vendor information and report payments made to vendors.

Criteria or specific requirement:

Internal Revenue Service (IRS), Publication 1281, Part 10: Form W-9.

N.J. Dept. of Community Affairs, Division of Local Government Services, Local Finance Notice 2005-12.

Internal Revenue Service instructions for filing form 1099 MISC.

Condition and Context:

The Authority has failed to comply with Publication 1281, which states that the Authority must obtain a W-9 form from all vendors that will be paid in excess of $600 within any year period.

The Authority has not complied with requirements outlined in Local Finance Notice 2005-12 in that business registration certificates are not being obtained for vendors paid in excess of the Authority's quote threshold.

The Authority has not issued forms 1099 MISC to certain vendors paid in excess of $600.

Cause:

The Authority did not monitor the compliance with IRS Publication 1281, requirements outlined in Local Finance Notice 2005-12, and IRS instructions for issuing forms 1099 MISC to certain vendors.

Effect:

The Authority is in noncompliance with IRS guidelines for obtaining vendor information and reporting payments to vendors. The Authority is not in compliance with New Jersey requirements for obtaining proper vendor business registration certificates.

Recommendation:

That the Authority review and monitor documentation provided by vendors and reporting of payments made to vendors, specifically regarding the following:

1. The request for all vendors to file a W-9 form with the Authority.
2. The request of New Jersey business registration certificates from vendors
3. The reporting of payments made to vendors through the issuance of IRS forms 1099 MISC.

Management's Proposed Action Plan:

The management of the Authority will review and monitor its compliance with the IRS and State of New Jersey requirements above.

Finding #15-3:

The Authority did not follow proper purchasing procedures.

Criteria or specific requirement:

N.J.S.A. 40A:5-16 and N.J.S.A. 40A:11-3 and 40A:11-4

Condition and Context:

The Authority has failed to comply with N.J.S.A. 40A:5-16 and N.J.S.A. 40A:11-3 and 40A:11-4, as follows:

1. Obtain approval to purchase goods and services from certifying official prior to its purchase,
2. Retain all supporting documentation for goods and services provided to the Authority,
3. Obtain a vendor declaration for all goods and services provided to the Authority.
4. Advertisement for bids for contracts in excess of the Authority's bid threshold for the purchase of cameras and access doors as well as the rental of equipment used for snow removal.

Cause:

The Authority did not monitor the compliance with N.J.S.A. 40A:5-16 and 40A: 11-4, as set forth herein.

Effect:

The Authority is in noncompliance with N.J.S.A. 40A:5-16 and N.J.S.A. 40A:11-4.

Recommendation:

That the Authority review and monitor its compliance with N.J.S.A. 40A:5-16 and 40A:11-4.

Management's Proposed Action Plan:

The Authority will review and monitor its compliance with the N.J.S.A. 40A:5-16 and 40A:11-4.

Finding #15-4

The Authority has not remitted the employer share of Defined Contribution Retirement Plan (DCRP) contributions to the plan sponsor.

Criteria or specific requirement:

Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010 requires employees to contribute 5.5% of earnings to the Plan and employers to match employee contributions at 3% of earnings.

Condition and Context:

The Authority has not submitted the employer's share of contributions as required by DCRP.

Cause:

The Authority did not monitor the compliance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010.

Effect:

The Authority is not in compliance with requirement of the DCRP.

Recommendation:

That the Authority submit employer's share of DCRP contributions.

Management's Proposed Action Plan:

Management will implement and monitor procedures to ensure compliance with Plan requirements.

Finding #15-5

Several general ledger account balances did not agree to detailed reports of the balances.

Criteria or specific requirement:

New Jersey Administrative Code 5:30-5.7 – General ledger accounting systems.

Condition and Context:

The accounts payable aging report did not reconcile to the balance per the general ledger. Also, the amounts per the general ledger for DCRP payable and pension payable did not agree with subsequent payments.

Cause:

The Authority did not reconcile general ledger balances to detailed reports and activity subsequent to year-end.

Effect:

Authority balances required audit adjustment to reconcile general ledger balances with detailed reports.

Recommendation:

That the general ledger be reconciled to sub account detail.

Management's Proposed Action Plan:

Management will reconcile general ledger balances to detailed reports on a regular basis.