

**TOWN OF HACKETTSTOWN PARKING AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF HACKETTSTOWN)
REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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

ROSTER OF OFFICIALS

BOARD MEMBERS

Jim Lambo	Chairperson
Jessica Westgate	Vice-Chairperson
Charlie Munk	Board Member
Greg Gaertner	Board Member
Heather Baker	Treasurer/Secretary*

Lavery, Selvaggi, Abromitis & Cohen P.C.	Attorney
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Wielkotz & Company, LLC	Auditors
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* There was a Public Employees' Honesty Blanket Position Bond in the amount of \$5,000 with Selective Insurance Company of America, Policy #B1120053.



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

Steven D. Wielkotz, CPA, RMA, PSA
Matthew B. Wielkotz, CPA, PSA
Paul J. Cuva, CPA, RMA, PSA
James J. Cerullo, CPA, RMA, PSA
Thomas M. Ferry, CPA, RMA, PSA

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairperson and
Members of the Board
Town of Hackettstown Parking Authority
Hackettstown, New Jersey

Report on the Financial Statements

Opinion

We have audited the accompanying statement of net position of the Town of Hackettstown Parking Authority (the "Authority"), a component unit of the Town of Hackettstown, in the County of Warren, as of December 31, 2021 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Hackettstown Parking Authority, as of December 31, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. 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 Town of Hackettstown Parking 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 opinion.



Honorable Chairperson and
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Management's Responsibility for the Financial Statements

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

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 Town of Hackettstown Parking 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 Responsibility 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 opinion. 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 and Government Auditing Standards 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, including omissions, 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 and Government Auditing Standards, 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 Town of Hackettstown Parking Authority's internal control. Accordingly, no such opinion is expressed.



Honorable Chairperson and
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- 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 Town of Hackettstown Parking 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hackettstown Parking Authority's financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental schedules as listed in the table of contents 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other



Honorable Chairperson and
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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 supplementary information, as listed in the table of contents, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2022 on our consideration of the Town of Hackettstown Parking Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hackettstown Parking Authority's internal control over financial reporting and compliance.

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants

Pompton Lakes, New Jersey

July 25, 2022



Required Supplementary Information - Part I

Management's Discussion and Analysis

TOWN OF HACKETTSTOWN PARKING AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF HACKETTSTOWN)
Management's Discussion and Analysis

(UNAUDITED)

Our discussion and analysis of the Hackettstown Parking Authority's (a Component Unit of the Town of Hackettstown) financial activities for the year ended December 31, 2021. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net position of its business-type activities decreased \$(22,175) or (5.92) percent as a result of this year's operations.
- Total cost of all of the Authority's programs was \$28,404 in 2021 compared to \$38,122 in 2020. During the year, the Authority had expenses for its business-type activities that were \$(22,175) more than program revenues of \$6,229.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view on the Authority's finances. Fund financial statements report the Authority's operation in more detail than the government-wide statements by providing information about the Authority's most financially significant funds.

Reporting the Authority as a Whole

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position

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

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

TOWN OF HACKETTSTOWN PARKING AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF HACKETTSTOWN)
Management's Discussion and Analysis, (continued)

(UNAUDITED)

Reporting the Authority's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the Authority as a whole. Some funds are required to be established by State law.

Proprietary funds: when the Authority charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Authority's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Major Features of The Parking Authority of the Town of Hackettstown **(A Component Unit of the Town of Hackettstown)**

Fund Financial Statements **(Figure A-1)**

Proprietary Funds

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

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

Management's Discussion and Analysis, (continued)

(UNAUDITED)

THE AUTHORITY AS A WHOLE

The Authority's *combined* net position changed from a year ago, *decreased* from \$374,794 to \$352,619. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Authority's business-type activities as of December 31.

Table 1

Net Position

	Business-Type Activities	
	2021	2020
Current and Other Assets	\$152,246	\$165,380
Capital Assets	206,913	214,257
Total Assets	<u>359,159</u>	<u>379,637</u>
Other Liabilities	6,540	4,843
Total Liabilities	<u>6,540</u>	<u>4,843</u>
Net Position:		
Net Investment in Capital Assets	206,913	214,257
Designated	84,960	79,690
Undesignated	<u>61,016</u>	<u>80,847</u>
Total Net Position	<u>\$352,619</u>	<u>\$374,794</u>

- Net Position of the Authority's business-type activities *decreased* \$(22,175) or (5.92) percent.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - *decreased* \$(19,831).
- Designated net position increased \$5,000.
- The net investment in capital assets category *decreased* \$(7,344) due to depreciation expense in 2021.

TOWN OF HACKETTSTOWN PARKING AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF HACKETTSTOWN)
Management's Discussion and Analysis, (continued)

(UNAUDITED)

Table 2

Changes in Net Position

		Business-Type Activities	
		2021	2020
Revenues:			
Operating Revenues:			
On and Off Street Parking		\$6,168	\$18,428
General Revenues:			
Interest and Investment Earnings		61	114
		<hr/> 6,229	<hr/> 18,542
Program Expenses Including Indirect Expenses			
Business-Type Activities:			
Parking		28,404	38,122
Total Expenses		<hr/> 28,404	<hr/> 38,122
Increase/(Decrease) in Net Position		<hr/> \$(22,175)	<hr/> \$(19,580)

TOWN OF HACKETTSTOWN PARKING AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF HACKETTSTOWN)
Management's Discussion and Analysis, (continued)
(UNAUDITED)

Business-type Activities

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

Table 3
Parking

Total Assets	<u>\$359,159</u>
Net Position	<u>\$352,619</u>
Change in Net Position	<u>\$(22,175)</u>
Return on Ending Total Assets	(6.17)%
Return on Ending Net Position	(6.29)%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 4

Net Investment in Capital Assets at Year-End

	<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$141,649	\$141,649
Land Improvements	205,474	205,474
Machinery and Equipment	<u>62,961</u>	<u>62,961</u>
Subtotal	410,084	410,084
Accumulated Depreciation	<u>(203,171)</u>	<u>(195,827)</u>
Totals	<u>\$206,913</u>	<u>\$214,257</u>

More detailed information about the Authority's capital assets is presented in the notes to the basic financial statements.

TOWN OF HACKETTSTOWN PARKING AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF HACKETTSTOWN)
Management's Discussion and Analysis, (continued)
(UNAUDITED)

BUDGETS

There were no line item transfers between the originally adopted budget and the final budget for the year 2021, see Exhibit 1 for more detailed information regarding the 2021 budget.

ECONOMIC FACTORS, FUTURE YEARS' BUDGETS AND RATES

The Commissioners and management of the Authority consider many factors when preparing each year's budget and annual charges. Two of the main factors are growth in the Authority's system and new regulations issued by the State and Federal governments. On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19). While the overall effect of the COVID-19 pandemic are unknown, many companies and organizations have reduced staff or closed down, thus creating a less of a demand for parking within the Town of Hackettstown and a decrease in parking revenue for the Authority. Full details of this matter are found in Note 18 to the financial statements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority Secretary, Hackettstown Parking Authority, 215 Stiger Street, PO Box 216, Hackettstown, New Jersey 07840.

Financial Statements

PARKING AUTHORITY OF THE TOWN OF HACKETTSTOWN
 (A Component Unit of the Town of Hackettstown)
 Statement of Net Position
 December 31,

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets:		
Unrestricted:		
Cash and cash equivalents	\$ 67,306	85,440
Prepaid Expenses	250	250
Designated:		
Cash and cash equivalents	<u>84,690</u>	<u>79,690</u>
Total Current Assets	<u>152,246</u>	<u>165,380</u>
Noncurrent assets:		
Capital Assets:		
Land	141,649	141,649
Parking Lot Improvements	205,474	205,474
Parking Meters and Equipment	62,961	62,961
Less Accumulated Depreciation	<u>(203,171)</u>	<u>(195,827)</u>
Total Noncurrent Assets	<u>206,913</u>	<u>214,257</u>
Total Assets	<u>\$ 359,159</u>	<u>379,637</u>
<u>Liabilities and Net Position</u>		
Liabilities:		
Accounts Payable	\$ 6,540	4,800
Payroll Taxes Payable	<u>43</u>	<u>43</u>
Total Liabilities	<u>6,540</u>	<u>4,843</u>
<u>Net Position</u>		
Net Position:		
Invested in Capital Assets, net of Related Debt	206,913	214,257
Unrestricted:		
Designated	84,690	79,690
Undesignated	<u>61,016</u>	<u>80,847</u>
Total net position	<u>\$ 352,619</u>	<u>374,794</u>

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

PARKING AUTHORITY OF THE TOWN OF HACKETTSTOWN
 (A Component Unit of the Town of Hackettstown)
 Statement of Revenues, Expenses, and Changes in Fund Net Position
 December 31,

	<u>2021</u>	<u>2020</u>
Operating revenues:		
On and Off Street Revenues	\$ 5,772	17,849
Miscellaneous	<u>396</u>	<u>579</u>
 Total Operating Revenues	 <u>6,168</u>	 <u>18,428</u>
 Operating expenses:		
Personnel Services	4,633	14,042
Fringe Benefits	439	2,323
Administrative Expenses	8,193	5,955
Operations and Maintenance	7,795	7,740
Depreciation	<u>7,344</u>	<u>8,062</u>
 Total Operating Expenses	 <u>28,404</u>	 <u>38,122</u>
 Operating Income (Loss)	 <u>(22,236)</u>	 <u>(19,694)</u>
 Nonoperating income (expenses):		
Interest on investments	<u>61</u>	<u>114</u>
 Net nonoperating income	 <u>61</u>	 <u>114</u>
 Change in Net Position	 <u>(22,175)</u>	 <u>(19,580)</u>
 Net position at beginning of year	 <u>374,794</u>	 <u>394,374</u>
 Net position at end of year	 <u>\$ 352,619</u>	 <u><u>374,794</u></u>

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

PARKING AUTHORITY OF THE TOWN OF HACKETTSTOWN
 (A Component Unit of the Town of Hackettstown)
 Statement of Cash Flows
 December 31,

	<u>2021</u>	<u>2020</u>
Cash flow from operating activities		
Receipts from Customers	\$ 6,168	18,428
Payments for Employees	(3,332)	(16,364)
Payments to Suppliers	<u>(16,031)</u>	<u>(13,453)</u>
Net cash provided by (used for) operating activities	<u>(13,195)</u>	<u>(11,389)</u>
Cash flows from investing activities		
Interest	<u>61</u>	<u>114</u>
Net cash provided by (used for) investing activities	<u>61</u>	<u>114</u>
Net increase (decrease) in cash and cash equivalents	<u>(13,134)</u>	<u>(11,275)</u>
Cash and cash equivalents, beginning of year	<u>165,130</u>	<u>176,405</u>
Cash and cash equivalents, end of year	<u>\$ 151,996</u>	<u>165,130</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (22,236)	(19,694)
Change in assets and liabilities:		
Depreciation	7,344	8,062
Increase(decrease) in Accounts Payable	1,740	243
Increase(decrease) in Payroll Taxes Payable	<u>(43)</u>	<u></u>
Net cash provided by (used for) operating activities	<u>\$ (13,195)</u>	<u>(11,389)</u>

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

Notes to Financial Statements

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

Note 1: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Parking Authority of the Town of Hackettstown ("the Authority") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the Authority are discussed below.

B. Reporting Entity

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

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

The Parking Authority of the Town of Hackettstown was created by ordinance of the Town of Hackettstown, N.J. finally adopted by the Town Council on September 30, 1957, pursuant to Chapter 198, P.L. 1948, (Revised Statutes 40:11A). The Authority exists as a public body politic and corporate constituting a political subdivision of the State of New Jersey.

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

B. Reporting Entity, (continued)

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

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

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

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

The Authority is a component unit of the primary government of the Town of Hackettstown. The Commissioners of the Authority are appointed by the Town Council of the Town of Hackettstown for staggered terms of five years and the Town would be obligated to guarantee the Authority's Debt Service, to the extent not met by other sources.

C. Basic Financial Statements- Fund Financial Statements

Proprietary Fund Type

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

C. Basic Financial Statements- Fund Financial Statements, (continued)

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

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

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

Land and Construction in Progress are not depreciated.

D. Measurement Focus and Basis of Accounting

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

E. Budgets/Budgetary Control

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

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

E. Budgets/Budgetary Control, (continued)

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

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

F. Assets, Liabilities and Fund Equity

1. Deposits and Investments

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

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

2. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Authority and that are due within one year.

3. Inventories

The cost of consumable materials and supplies on hand are immaterial to the financial statements and the Authority has therefore chosen to report these items as expenditures/expenses at the time of purchase.

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

F. Assets, Liabilities and Fund Equity, (continued)

4. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Business-type activities report user fees and interest earnings as their major receivables.

5. Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to renewal and replacement reserves.

6. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds, notes and loans payable.

The accounting for proprietary fund debt is the same in the fund statements as it is in the government-wide statements.

7. Net Position Classifications

Proprietary Fund Statements

Net Position is classified as net assets minus liabilities and displayed in three components:

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

F. Assets, Liabilities and Fund Equity, (continued)

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

8. 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 certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates. The items were estimates would occur are for depreciation of fixed assets and their useful lives.

G. Revenues, Expenditures and Expenses

1. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

2. Expenditures/Expenses

In the fund financial statements, expenditures are classified as follows:

Proprietary Fund — By Operating and Nonoperating

In the fund financial statements, proprietary funds report expenses relating to use of economic resources.

TOWN OF HACKETTSTOWN PARKING AUTHORITY
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NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

H. Recent Accounting Pronouncements

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 90, *Majority Equity Interests*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*; Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*; Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*; Implementation Guide No. 2019-2, *Fiduciary Activities*. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, *Leases*; Implementation Guide No. 2019-3, *Leases*. The requirements of this Statement are effective immediately. The Authority is still determining the effects, if any, this statement will have on future financial statements.

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Authority is still determining the effects, if any, this statement will have on future financial statements.

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

H. Recent Accounting Pronouncements, (continued)

In June 2020, the Government Accounting Standards Board issued GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Authority is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

H. Recent Accounting Pronouncements, (continued)

In April 2022, the Government Accounting Standards Board issued GASB Statement No. 99, Omnibus 2022. The Objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management’s Discussion Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements.

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

H. Recent Accounting Pronouncements, (continued)

- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Authority is determining the effects, if any, this statement will have on future financial statements.

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority is determining what effects, if any, this pronouncement will have on future financial statements.

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies, (continued)

I. Reclassifications

Certain reclassifications have been made to the 2020 amounts to conform to the 2020 financial statement presentation. These reclassifications had no effect on the previously reported results of operations for 2020.

Note 2: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

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

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

At December 31, 2021 the Authority's cash and cash equivalents amounted to \$153,800. The full amount was covered by federal depository insurance (F.D.I.C.) and \$0.00 was covered by a collateral pool maintained by the banks as required by GUDPA.

At December 31, 2021 the Authority did not participate in the State of New Jersey Cash Management Fund.

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 2: Detailed Disclosure Regarding Assets and Revenues, (continued)

A. Deposits and Investments, (continued)

Deposits, (continued)

Pursuant to GASB Statement No. 40, Deposit and Investment Risk Disclosures ("GASB 40"), the Authority's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the Authority would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by a pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

As of December 31, 2021, none of the Authority's cash and cash equivalents was exposed to custodial credit risk.

As of December 31, 2021, the Authority's book balance was \$151,996.

The Authority does not have a policy for the management of custodial credit risk, except as noted above, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the Authority's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Authority. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Investments

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

- a. When authorized by resolution adopted by a majority vote of all its members the Board of Commissioners of any Authority may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Authority;
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;

TOWN OF HACKETTSTOWN PARKING AUTHORITY

(A COMPONENT UNIT OF THE TOWN OF HACKETTSTOWN)

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 2: Detailed Disclosure Regarding Assets and Revenues, (continued)

A. Deposits and Investments, (continued)

Investments, (continued)

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the Authority or bonds or other obligations of local unit or units within which the Authority is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by Authority;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

Credit Risk: The Authority does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosures be made as to the credit risk, " of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The Authority did not have any investments at December 31, 2021.

Interest Rate Risk: The Authority does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority did not have any investments at December 31, 2021.

Concentration of Credit Risk: The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority did not have any investments at December 31, 2021.

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 2: Detailed Disclosure Regarding Assets and Revenues, (continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets not Being Depreciated	\$141,649	\$ -	\$ -	\$141,649
Land				
Total Capital Assets not Being Depreciated	141,649			141,649
Land Improvements	205,474		-	205,474
Machinery and Equipment	62,961		-	62,961
Totals at Historical Cost	268,435		-	268,435
Less accumulated Depreciation for:				
Land Improvements	(143,838)	(5,432)	-	(149,270)
Machinery and Equipment	(51,989)	(1,912)	-	(53,901)
Total Accumulated Depreciation	(195,827)	(7,344)	-	(203,171)
Net Capital Assets Being Depreciated	72,608	(7,344)	-	65,264
Business-type Activities Capital Assets, Net	\$214,257	\$(7,344)	\$ -	\$206,913

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

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 3: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

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

B. Long - Term Liabilities

The Authority has no Long - Term liability for the year ended December 31, 2021.

Note 4: Detailed Disclosure Regarding Net Position

A. Designated Net Assets

Enterprise Fund:	
Designated for:	
Renewal and Replacement	<u>\$84,690</u>

Note 5: Other Matters

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma. The Authority temporarily stopped meter collections in 2020 as a result to the financial difficulties caused by the pandemic, and resumed collections in March 2022. The Parking Authority has identified several risks as a result of this pandemic, including a possible delay or reduction in collection of parking fees and cash flow shortages. The Authority will continue to monitor the potential economic impacts on the Parking Authority's operations.

Note 6: Subsequent Events

The Authority has evaluated subsequent events through July 25, 2022, the date which the financial statements were available to be issued and the following item was noted for disclosure:

Required Supplementary Information - Part II

PARKING AUTHORITY OF THE TOWN OF HACKETTSTOWN
(A Component Unit of the Town of Hackettstown)

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

Year ended December 31, 2021

	2021 Adopted Budget	2021 Budget After Modificaiton	2021 Actual	Variance	2020 Actual
Revenues:					
Operating revenues					
Parking Meter Receipts	\$ 61,500	61,500	3,365	(58,135)	13,751
Annual Parking Rents	2,550	2,550	2,400	(150)	2,400
Fines	4,900	4,900	7	(4,893)	1,248
Overnight Fees					450
Miscellaneous	2,500	2,500	396	(2,104)	579
Total operating revenues	<u>71,450</u>	<u>71,450</u>	<u>6,168</u>	<u>(65,282)</u>	<u>18,428</u>
Non-operating revenues					
Retained Earnings Appropriated	2,140	2,140	2,140		2,140
Interest on Investments and Deposits	170	170	61	(109)	114
Total non-operating revenues	<u>2,310</u>	<u>2,310</u>	<u>2,201</u>	<u>(109)</u>	<u>2,254</u>
Total Revenues	<u>\$ 73,760</u>	<u>73,760</u>	<u>8,369</u>	<u>(65,391)</u>	<u>20,682</u>
Operating expenditures:					
Administration					
Personnel Services	\$ 10,300	10,300	1,448	8,852	8,326
Fringe benefits	1,000	1,000	86	914	460
Audit	6,000	6,000	5,000	1,000	4,600
Legal	1,600	1,600		1,600	105
Office Supplies and Administrative Expenses	4,500	4,500	1,653	2,847	210
Consulting Fees	1,500	1,500	1,540	(40)	840
Annual Meeting	1,000	1,000		1,000	
Cost of providing service:					
Personnel Services	22,660	22,660	3,185	19,475	5,694
Fringe benefits	4,100	4,100	353	3,747	1,841
Insurance	1,300	1,300	750	550	500
Uniforms	1,000	1,000		1,000	581
Maintenance and Repairs - Meters	2,400	2,400	468	1,932	1,131
Sign/ Lot Maintenance	600	600		600	70
Parking Lot Rent	4,800	4,800	5,200	(400)	4,800
Public Events	4,500	4,500		4,500	
Training and Education	500	500		500	
Utilities	600	600	702	(102)	542
Miscellaneous	400	400	675	(275)	117
Total operating expenditures	<u>68,760</u>	<u>68,760</u>	<u>21,060</u>	<u>47,700</u>	<u>29,817</u>
Non-operating expenditures:					
Renewal and Replacement Reserve	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>		
Total non-operating expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>73,760</u>	<u>73,760</u>	<u>26,060</u>	<u>47,700</u>	<u>29,817</u>
Excess of Revenue Over Expenditures:					
			(17,691)		(9,135)
Reconciliation of Budgetary Basis to GAAP:					
Net Position Appropriated				(2,140)	(2,140)
Depreciation Expense				(7,344)	(8,062)
Renewal and Replacement Reserve				5,000	
Increase/(Decrease) in Accounts Payable					(243)
Total adjustments			(4,484)		(10,445)
Change in Net Position	<u>\$ (22,175)</u>				<u>(19,580)</u>

Required Supplementary Schedules

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

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION**

	<u>Undesignated</u>	<u>Designated</u> Renewal and Replacement	Totals	
			2021	(Memorandum Only) 2020
Operating Revenues:				
Parking Meter Revenues	\$ 3,365		\$ 3,365	\$ 13,751
Annual Parking Rents	2,400		2,400	2,400
Fines and Overnight Fees	7		7	1,698
Miscellaneous Revenue	<u>396</u>		<u>396</u>	<u>579</u>
	<u>6,168</u>	<u>-</u>	<u>6,168</u>	<u>18,428</u>
Operating Expenses:				
Personnel Services	4,633		4,633	14,021
Employee Benefits	439		439	2,301
Administrative Expenses	8,193		8,193	5,755
Operations and Maintenance	<u>7,795</u>		<u>7,795</u>	<u>7,741</u>
	<u>21,060</u>	<u>-</u>	<u>21,060</u>	<u>29,818</u>
Operating Income/ (Loss)	(14,892)	-	(14,892)	(11,390)
Non Operating Revenues and (Expenses):				
Interest Income	61		61	114
Prepaid Expenses			-	
Increase in Accounts Payable			-	(242)
Miscellaneous			-	-
Retained Earnings Appropriated	<u>2,140</u>		<u>2,140</u>	<u>2,140</u>
Net Income (Deficit) Before Transfers	<u>(12,691)</u>	<u>-</u>	<u>(12,691)</u>	<u>(9,378)</u>
Transfers:				
Transferred to Restricted Assets	(5,000)	5,000	-	-
Increase in Retained Earnings	<u>(17,691)</u>	<u>5,000</u>	<u>(12,691)</u>	<u>(9,378)</u>
Net Position January 1	<u>80,847</u>	<u>79,690</u>	<u>160,537</u>	<u>172,055</u>
	<u>63,156</u>	<u>84,690</u>	<u>147,846</u>	<u>162,677</u>
Decreased By:				
Utilization as Anticipated Revenue	(2,140)	-	(2,140)	(2,140)
Net Position December 31	<u>\$ 61,016</u>	<u>\$ 84,690</u>	<u>\$ 145,706</u>	<u>\$ 160,537</u>

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

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
UNRESTRICTED ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

Cash and Cash Equivalents January 1, 2021	\$ 85,440
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Cash Receipts:

Parking Meter Receipts:	
Streets and Lots	3,365
Annual Parking Rents	2,400
Fines	7
Miscellaneous	396
Interest on Investments and Deposits	61
Total Cash and Investments Available	<u>91,669</u>

Cash Disbursements:

Operations	19,363
Transfer to Restricted Accounts	5,000
Total Cash Disbursements	<u>24,363</u>

Cash and Cash Equivalents December 31, 2021	\$ 67,306
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Balance Comprised of:

Cash and Cash Equivalents:	
Checking	27,404
Money Market Funds	37,856
Certificates of Deposit	2,046
	<u>\$ 67,306</u>

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

**SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH AND INVESTMENTS
DESIGNATED ACCOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

	<u>Reserve and Replacement Account</u>
Cash and Cash Equivalents January 1, 2021	\$ 79,690
Cash Receipts:	
Transfer from Unrestricted Accounts	5,000
Total Cash and Investments Available	<u>84,690</u>
Cash Disbursements:	
Parking Lot Improvements	-
Cash and Cash Equivalents December 31, 2021	<u>\$ 84,690</u>
Balance Comprised of:	
Cash and Cash Equivalents:	
Money Market Funds	<u>\$ 84,690</u>

Government Auditing Standards



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

Steven D. Wielkotz, CPA, RMA, PSA
Matthew B. Wielkotz, CPA, PSA
Paul J. Cuva, CPA, RMA, PSA
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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

The Honorable President and
Members of the Board
Town of Hackettstown Parking Authority
County of Warren, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hackettstown Parking Authority, as of and for the years ended, December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated July 25, 2022.

Internal Control Over Financial Reporting

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

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



Honorable Chairperson and
Members of the Board
Page 2.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2021-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hackettstown Parking Authority 's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Authority's Response to the Findings

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

Purpose of this Report

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

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

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants

Pompton Lakes, New Jersey

July 25, 2022

Schedule of Findings

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

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Summary of Auditor's Results:

- The Independent Auditor's Report expressed an unmodified opinion on the Authority's governmental activities financial statements.
- Significant deficiencies were disclosed during the audit of financial statements as reported in the *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*. No material weaknesses are reported
- No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2021-01

During our audit, we noted that the Authority does not maintain an adequate segregation of duties due to limited personnel. The functions of handling cash and preparation of cash disbursement books are performed by one individual. This is not unusual in operations the size of the Authority, but management should constantly be aware of this condition and realize the concentration of duties and responsibility in a limited number of individuals is not desirable from a control point of view.

Management Response:

The finding 2021-01 was evaluated. The Authority was made aware if this lack of internal control and will consider strengthening internal control within reason of the costs, benefits derived and budgetary constraints.

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

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Finding 2020-01

During our audit, we noted that the Authority does not maintain an adequate segregation of duties due to limited personnel. The functions of handling cash and preparation of cash disbursement books are performed by one individual. This is not unusual in operations the size of the Authority, but management should constantly be aware of this condition and realize the concentration of duties and responsibility in a limited number of individuals is not desirable from a control point of view.

Management Response:

The finding 2020-01 was evaluated. The Authority was made aware if this lack of internal control and will consider strengthening internal control within reason of the costs, benefits derived and budgetary constraints.

General Comments and Recommendations

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

GENERAL COMMENTS

Contracts and Agreements

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

Effective July 1, 2020 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$44,000.

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

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$44,000, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and, bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

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

The bid threshold in accordance with N.J.S.A. 40A:11-3 (as amended) is \$44,000.

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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

GENERAL COMMENTS
(CONTINUED)

Contracts and Agreements, (continued)

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

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

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

EXAMINATION OF CLAIMS

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

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

RECOMMENDATIONS

1. That the Authority maintain an adequate segregation of duties.

STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year's recommendations and corrective action was taken on all, except for the following:

1. That the Authority maintain an adequate segregation of duties.

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

APPRECIATION

We wish to express our appreciation for the assistance and courtesies extended to us during the audit. Should any question arise as to our audit comments, please do not hesitate to call us

Respectfully submitted,

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants

Pompton Lakes, New Jersey